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EXPANDING EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS, 1982

HEARING

BEFORE THE

SUBCOMMITTEE ON
AGING, FAMILY AND HUMAN SERVICES

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

EXAMINATION ON HOW BUSINESS, LABOR, AND GOVERNMENT CAN FORGE A STRONGER PARTNERSHIP IN MEETING THE CURRENT AND FUTURE NEEDS OF OLDER PERSONS

APRIL 1, 1982

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EXPANDING EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS, 1982

THURSDAY, APRIL 1, 1982

U.S. SENATE,
SUBCOMMITTEE ON AGING,
FAMILY, AND HUMAN SERVICES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:17 a.m., in room 4232, Dirksen Senate Office Building, Senator Jeremiah Denton (chairman of the subcommittee) presiding.

Present: Senator Denton.

Also present: Senator Hayakawa.

Senator DENTON. Good morning. This hearing will come to order.

My distinguished colleague from California, Senator Sam Hayakawa, is here this morning, and in order to permit him to resume work on his many other duties, I will ask that he go first. As all of us know, Senator Hayakawa has taken a great interest in the welfare of older Americans during his career in the Senate, and it is typical of his interest in that group of Americans that he is here this morning.

I would like to thank you, Senator Hayakawa, and afford you time now to address the subcommittee in whatever way you wish.

STATEMENT OF HON. S. I. HAYAKAWA, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator HAYAKAWA. Thank you, Mr. Chairman.

I am very grateful for this opportunity to discuss a subject which I believe to be of great importance, that is, expanding employment opportunities for older workers.

I was shocked to learn that only one person in five over the age of 60 is now employed. That is a shocking figure. But millions more older workers would like full- or part-time work. I hope this hearing will cause employers to become more aware of the potential contributions senior citizens can make, as well as reduce the stereotying and discrimination that too often influence employers' attitudes toward older workers.

In many cultures, the elderly are revered as sources of wisdom. But somehow, we do not quite do that here in the United States. Of course, there is the opposite case in which the elderly are regarded as really, really useless and a drag on the economy. I remember reading in anthropology of the Eskimo cultures where they put the elderly on an ice flow and push them out to sea to abandon them, to die peacefully out of the way. We do not go quite that far.

But perhaps we have placed too great a value on youthful vigor, while ignoring the wisdom that comes with age and experience. And whatever the reason, it is clear to me that we have not tapped a great national resource—our employable elderly.

The elderly sector of the society must be allowed the opportunity to contribute to the U.S. economy. They have a great deal to offer, as evidenced by the participation of older Americans throughout our history. Benjamin Franklin was 70 years old when he was appointed to the committee that wrote the Declaration of Independence. Thomas Jefferson founded the University of Virginia when he was 76. Perhaps many senior citizens will not contribute to society in such a spectacular way, but they will contribute to the strength of this country nonetheless. I speak from experience because I began my fourth career at the age of 70 when the people of California elected me to the U.S. Senate in 1976.

At the end of this year, I am going to retire from the Senate, and I guess I will start another career.

Let me talk about my father for a minute, because he taught me a lot about aging. My mother is alive and well at 97. At the end of the Second World War, as you will recall, the American Armed Forces, of which you were a member, wiped out all the industrial cities of Japan, including the cities in which my father had offices—Osaka, Kobe, and Nagoya. So at the end of the war, my father was completely wiped out, and all he had left were 15 typewriters. He was in the import-export business. He did not handle merchandise, so much as he was a manufacturer's agent. He had samples and wrote lots of letters, so typewriters were pretty important to him. So he loaded his 15 typewriters onto the back of a truck, and decided to take them out to his country place for safety. And on the way to the country place, an American bomber, which was losing altitude, dropped its bombs on top of my father's typewriters, and that was the end of Hayakawa Importing Co. So for 6 years after the war, he had to work for another firm. He could not stand it, he being a private enterpriser. So at the age of 66, he started out all over again on his own. He reincorporated with very small capitalization and started a new company. I think he was 86 when he retired from it, and he died at the age of 91. This last company was no great shakes as a business success, but it kept him busy, and it kept him happy until he really felt it was time for him to retire. But in the meantime, he built a business, which is still in existence.

Now, the members of this committee and I agree that older Americans are an invaluable resource. I would like to explore some options, but let me say this, very emphatically, from the point of view of my psychological studies. The pressures that the community places upon you, the expectations that the community has of you, determine exactly how old you are at 70 or 75. Of course, it is partly a matter of physical health, but if no one expects anything of you anymore because you are 70, then you can very well lie back and not expect anything of yourself. But insofar as the community expects something of you, because they say, "Well, you have always been a creative and innovative leader in our community, and just because you are 70 you do not need to quit," then you continue to be that innovative and creative leader. Much depends, therefore, on the community's attitude toward the individual as to how you react and how you respond. And insofar as our society tends to devalue age and to overvalue youth, then we put our older people in a real bind.

One option for the older people might be to provide short-term differential to the minimum wage, a beginner's wage. This is a controversial idea, but let me pass it on. As a cost reduction provision, a subminimum wage could motivate employers to hire older citizens, such as widows or divorcees, who are seeking paid work for the first time in their lives; individuals reentering the labor force in a new field, or older Americans changing their current occupations out of necessity. By compensating employers for the costs of retraining somebody into a new occupation, many job opportunities might open up for these people. Many older Americans have provided for their retirement years, but are caught short of cash to meet today's inflated costs of living.

Many women, for example, have the skills they have learned by managing households and through their volunteer experiences, the experiences in the community, but they have never gone out to be on anybody's payroll. But an employer might not be motivated to hire them without this short-term payroll break so they can present themselves and say, "I have worked at such-and-such a place, and I was paid," and it could be a bridge by means of which they can get back into the work force.

This beginner's wage might be paid for 6 or 12 months to those older Americans who are beginning a new occupation that requires learning new skills and new disciplines. I strongly believe we should consider this idea as an option for those individuals who want to maintain their financial independence and continue to contribute to the work force.

There is no argument among my colleagues on either side of the aisle about the benefits of employing low-income elderly. We all agree that dependence on public assistance among senior citizens is reduced while their self-worth, their concept of themselves as a valuable human being, is very much heightened by such an experience.

The central debate on this issue is not about the necessity of employment, but rather who will hire the elderly—the public or the private sector. I would like to call your attention to a statement in the Congressional Record of February 4, 1982, presented by our colleague in the House, Ted Weiss. He commends the title V employment program which, since its inception in 1965 as part of the Older Americans Act, focuses on the employment of low-income seniors in public sector jobs. Mr. Weiss quoted a study which cited savings of $1.15 in public assistance costs for each $1 paid in title V salaries.

I agree with Mr. Weiss that our goal is to keep the elderly off the welfare rolls through meaningful employment. I believe, however, that we cannot expect the Government to finance employment options for all our low-income senior citizens. Ultimately, it is the private sector which can create new horizons and expand employment opportunities.

I have observed a growing desire among senior citizens in my State to be active competitors for private sector employment. Even among title V participants, their ultimate goal is to get a job on their own. I recently received a letter from a title V employer in Dinuba, Calif., who wrote of one of her employees: "During her employment here, she enrolled in night school, where she is learning to type. I have been training her in office skills and bookkeeping with the attitude that she will someday be able to secure a job on her own."

The concept of employment for the elderly has evolved in recent years from the idea of make-work jobs in the public sector to a growing awareness of the potential contributions of the elderly in the private sector. This evolution is evident among citizens, the Congress, and the administration.

Last November, for example, I cosponsored an amendment to the Older Americans Act which increased private sector involvement in the title V program. The amendment directed the Secretary of Health and Human Services to conduct demonstration projects which assure placement of low-income senior citizens in employment opportunities with private business concerns. The projects will emphasize employment involving second careers, growth industries, and new technological skills. These demonstration projects will encourage industry to take advantage of the experience and knowledge of our employable elderly.

As you may remember, last year we celebrated Older Americans Employment Opportunity Week from September 6 to 12. I was glad to participate in hearings held during that week, as I am today to share my remarks with this subcommittee. I believe that both occasions are helping to make the public aware of the desire of many older workers for meaningful employment. They can be trained, and if necessary, retrained. They have the energy to work. They are simply asking for an opportunity to serve, as I did when I ran for election to the U.S. Senate at the age of 69. They have the potential for a successful future in second and third careers. Their hopes for the future are best summarized in a quotation from Robert Browning: "Grow old with me; the best is yet to be."

Thank you, Mr. Chairman.

[The prepared statement of Senator Hayakawa follows:]

U.S. SENATOR S. I. HAYAKAWA
TESTIMONY BEFORE
SUBCOMMITTEE ON AGING, FAMILY, AND HUMAN SERVICES
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
"EXPANDING EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS"
THURSDAY, APRIL 1, 1982

THANK YOU, MR. CHAIRMAN, FOR THIS OPPORTUNITY TO DISCUSS A SUBJECT WHICH I BELIEVE TO BE OF GREAT IMPORTANCE - EXPANDING EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS. ONLY ONE PERSON IN FIVE OVER AGE 60 IS NOW EMPLOYED, BUT MILLIONS MORE OLDER AMERICANS WOULD LIKE FULL OR PART TIME WORK. I HOPE THIS HEARING WILL CAUSE EMPLOYERS TO BECOME MORE AWARE OF THE POTENTIAL CONTRIBUTIONS SENIOR CITIZENS CAN MAKE AS WELL AS REDUCE THE STEREOTYPING AND DISCRIMINATION THAT TOO OFTEN INFLUENCE EMPLOYERS' ATTITUDES TOWARD OLDER WORKERS.

IN MANY CULTURES THE ELDERLY ARE REVERED AS SOURCES OF WISDOM. BUT SOMEHOW WE HAVE MISSED THAT MARK HERE IN THE UNITED STATES. PERHAPS WE HAVE PLACED TOO GREAT A VALUE ON YOUTHFUL VIGOR WHILE IGNORING THE WISDOM THAT COMES WITH AGE AND EXPERIENCE. WHATEVER THE REASON, IT IS CLEAR THAT WE HAVE NOT TAPPED A GREAT NATIONAL RESOURCE - OUR EMPLOYABLE ELDERLY.

THE ELDERLY SECTOR OF SOCIETY MUST BE ALLOWED THE OPPORTUNITY TO CONTRIBUTE TO THE U.S. ECONOMY. THEY HAVE A GREAT DEAL TO OFFER, AS EVIDENCED BY THE PARTICIPATION OF OLDER AMERICANS THROUGHOUT OUR HISTORY. BENJAMIN FRANKLIN WAS 70 YEARS OLD WHEN HE WAS APPOINTED TO THE COMMITTEE THAT WROTE THE DECLARATION OF INDEPENDENCE. THOMAS JEFFERSON FOUNDED THE UNIVERSITY OF VIRGINIA WHEN HE WAS 76.

Perhaps many senior citizens will not contribute to society in such a spectacular way, but they will contribute to the strength of this country nontheless. I speak from experience because I began my fourth career at age 70 when the people of California elected me to the United States Senate.

The members of this committee and I agree that older Americans are an invaluable resource. Let us now explore options which are available for expanding their employment opportunities.

One option would be to provide a short-term differential to the minimum wage, a "beginners' wage". As a cost reduction provision, a sub-minimum wage would motivate employers to hire older citizens, such as widows or divorcees, who are seeking paid work for the first time, individuals re-entering the labor force in a new field, or older Americans changing their current occupations out of necessity. By compensating employers for the costs of training, many job opportunities might open up for these people. Many older Americans have provided for their retirement years but are caught short of cash to meet today's increased costs due to inflation.

Many women have the skills they have learned by managing households and through their volunteer experiences, but an employer might not be motivated to hire them without this short-term payroll break. This "beginners' wage" might be paid for six or twelve months to those older Americans who are "beginning" a new occupation that requires learning new skills. I strongly believe that we should consider this idea as an option for those individuals who want to maintain their financial independence and continue to contribute to the work force.

There is no argument among my colleagues on either side of the aisle about the benefits of employing low-income elderly. We all agree that dependence on public assistance among senior citizens is reduced while their self-worth is increased. The central debate on this issue is not about the necessity of employment, but rather who will hire the elderly - the public or private sector. I would like to call your attention to a statement in the Congressional Record of February 4, 1982 presented by our colleague in the House, Ted Weiss. He commends the Title V employment program which, since its inception in 1965 as part of the Older Americans Act, focuses on the employment of low-income seniors in public sector jobs. Mr. Weiss quoted a study which cited savings of $1.15 in public assistance costs for each $1 paid in Title V salaries. I agree with Mr. Weiss that our goal is to keep the elderly off the welfare rolls through meaningful employment. I believe however, that we cannot expect the government to finance employment options for all of our low-income senior citizens. Ultimately is it the private sector which can create new horizons and expand employment opportunities.

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Thank you, Mr. Chairman.

Senator **Denton**. Thank you, Senator Hayakawa. You demonstrate your usual wisdom and deep understanding of a number of interrelated fields which bear on this subject. I can only say that I agree with everything you have spoken to, to the degree that I do not pretend to be as wise as you. I have lived in a culture, although not as a free citizen, in which the elderly were revered traditionally. That portion of the country in which I then lived did not revere the elderly in the traditional fashion, because communism had taken over. However, in the area in general, which is now all Communist, though not by choice, the village elder was indeed an influential and extremely respected individual and was often the one murdered first in order to intimidate the rest of the population. That part of the Eastern World is now gone, and so is a great part of the rest, but I notice even in communism, there is a tremendous awareness of the retention of intelligence and utility in functional governmental areas of the Communists, and they have a tremendous number of them in both the Soviet Union, as you know, and in China. It is too bad that they do not retain some of the other parts of the traditional cultures which were better.

There is a chief of naval operations in the Soviet Union who is in his seventies. He has been there for some 30 years in that same job. I do not mean to express my admiration for that system; quite the contrary, there is none I detest more. But I am saying that even with the totalitarian nature of communism, they cannot entirely eradicate that historical awareness of the usefulness of relying upon the elderly, rather than depreciating them.

I certainly agree with you about the exceptions to the minimum wage in the context in which you put it. And I have, in my own position, tried to introduce the same idea. Often, it is taken as a negative suggestion and is fought off by both labor unions and some of the organizations which promote the welfare or the treatment of the elderly in Government policy.

I do agree with you—my mother, for example, had become senile. She would forget something that she had already said to me; she would forget that she had told me it five times in an hour and tell me five different times. Her hands had become arthritic, in spite of her having been for 35 years a secretary to a regional president of a major hotel chain and someone respected all over the United States for her executive ability and so forth. She had rapidly become senile after retiring. I gave her a no-salary job in a nonprofit organization which I founded, and within a year, she was back to typing about 45 words a minute; her mind was OK. She had had problems with liquid swelling her body—all that was gone. All kinds of undiagnosed problems that had brought her to the hospital frequently were gone. I have finally been able to arrange to get her paid something, but the money did not really matter to her—not that she is wealthy. But I have seen that in my own family. I do not have to tell her how great she is; she already knows that. She knows what her friends think of her. But I totally agree with you about the indignation that the elderly must feel when they sense community perception which is far from true and far from what they deserve, having usually not only done well themselves, but helped many others—relatives, children, grandchildren, brothers, sisters, mothers, fathers—they have in that age group a much greater sense of responsibility, as well as a much greater experience with the realities of life, in terms of war and peace and depression and so on, than those younger than they today.

So I think in this particular era, our elderly are more than usually efficacious to the overall perspectives on the number of issues, not the least of which would be work and the administration of work, which would be in either the private or the public sector. So I agree with everything you said about believing that "title V should provide public sector jobs for everybody who is elderly. I believe that the elderly themselves, the individuals themselves, would resent the idea that they have to be imposed upon business, too, in any way, or anyone else. I believe they can earn their own way. All they have to be is given their own chance, their own fair chance. I can see both improper approaches that would be too unrealistic in the sense of quotas or impositions, and on the other hand, I can see some unfair neglect of giving them a fair chance.

I am only beginning to understand Government policy in this area, but I can say that I see both those things, and I intend to try to find the fairest and best ways of going about this.

If you have anything to say to correct that response, I would welcome it, or any further comment, Senator Hayakawa.

Senator HAYAKAWA. I must say I am very deeply moved by the story of your mother, that she was physically deteriorating rapidly, and when you put certain demands on her, she pulled herself together, she recovered from her arthritis, she recovered from all sorts of ailments. This is what I mean when I say that insofar as we put demands upon people, have expectations of them, they live up to those expectations. And in this respect, older people are not very unlike other people, including children. They live up to our expectations of them, and so do older people. One thing that cripples older people very, very much is when they begin to say to themselves, "I am old. I am over the hill." They begin to have fewer expectations of themselves. In one way, the culture, by more or less forcing that evaluation upon themselves, helps to cripple them for further usefulness, and I think that is very, very damaging.

I earned my scuba-diving license at the age of 71, and when I tell people that they say, "He must be nuts". Well, maybe I am, but I found that to be a real challenge. That is, "Are you frightened of the experience?" And I said, "Well, hell, that is exactly the sort of thing you ought to take on," in order to maintain your flexibility and your ability to meet new challenges. It was not easy for me, but I did do it. When you said to your mother, "OK, you do this, you do this, you are in charge of this area of this organization's work," it is exactly that kind of challenge. At the beginning, it was probably over her head, it was probably very difficult for her, but she pulled herself together.

We all live longer, and we live to a happier old age, as a result of the surrounding community having rising expectations of the elderly.

I am very grateful to you, Mr. Chairman, for giving me this opportunity.

Senator DENTON. Thank you, Senator Hayakawa. You are an example, although you will never be old, and you certainly have not begun to be old now. I would emphasize that when we mention the names of Thomas Jefferson and Benjamin Franklin, 76 and 70, if we think in terms of what the average longevity was in those days, that was probably the equivalent of 90, 96 now. And it is so true that the tremendous potential exists in an increased way in older people, because of their experience and the wisdom that comes with that.

So today, there is a tremendous unused potential there for power—the power of the human resource that we are not using. I think the mandatory retirement age should be entirely a separate, individual, case-by-case basis. That is the general trend of my own philosophy.

Senator HAYAKAWA. I agree with that now. I remember saying something different about 4 or 5 years ago, but certainly, the mandatory retirement age is not a wise idea. What we had in the California State university system was that after 65, we had to take an annual physical examination to see if we were still in shape. Well, I stayed 1 year beyond 65 before I retired. By that time, I was bored with being a professor, so I decided I would retire and find something more exciting to do, and by gosh, I found it.

Thank you very much, Mr. Chairman.

Senator DENTON. Thank you, Senator Hayakawa. Good morning, Mr. Secretary.

If I may, sir, I will skim through an opening statement of my own, and then ask you for your testimony. Respecting your time, I will just scan through mine.

The purpose of this hearing is to examine how business, labor and government can forge a stronger partnership in meeting the current and future needs of older persons. I am generally concerned about this issue. I believe Congress is. There have been a lot of hearings on this, and still we face a dilemma. We have to not only look at a social change in which more of us are going to be old in proportion to the general population, but I believe we are going to have to face a change in the way we deal with our needy in general. I believe there are better ways to do it than the way we have been doing it. I believe there are better ways than spending ourselves to death. I believe there are better ways than focusing on each special interest group—special need group, if you will—in separate classifications of government or in organizations outside which might be termed "lobbying." We should look at the overall picture to a greater degree, both from the way Government is organized and from the way it thinks.

We have passed a law that conveys the message that older workers have a right to remain employed, as long as they are capable and desire to do so, and at the same time, our attitudes on social security and pension policies and the way our business institutions are organized encourage, persuade or coerce people into leaving the work force before it is necessary that they do so.

We are aware of this paradox, but willingness to change the situation in the private sector has lagged badly. The Work in America Institute in 1979 conducted a survey of 1,300 large firms to find out about alternative or modified work arrangements that benefit older persons; it received responses from only 7 percent of those approached. I do not think labor unions have given proportionate attention to the idea of more properly accommodating older workers, to their own benefit. There has been too much emphasis on full-time jobs, straight unemployment rates, and so forth. I think a modicum of reason has come into that whole labor-management relations field. I am extremely encouraged with the UAW-Ford arrangements. I think we are sort of sobering up now, all the way around, and I think Ronald Reagan has the right idea. But we are going to have to be very careful in dealing with the lack of synchronization which often occurs between a good general intent and the provision of functional ways of proceeding with that intent. I think that is the general problem we face now.

I have asked the people on my subcommittee to cut themselves in half, and on the one hand, let us take a positive attitude toward this new approach, including Federalism and the whole thing, and on the other hand, worry about whether some folks are going to drop through the cracks while that is being done, through the time lag between the idea and the implementation of the idea, and the idea and the completeness of the idea.

I will submit the rest of my opening statement for the record. I do believe we will be more successful if business, labor, and Government band together in the spirit of determination and cooperation and do so realistically, looking not just at the elderly, but especially at the elderly now, because it appears to me that among those who might be dropping through the cracks as we move ahead here in plans are the elderly, and that is why we have asked you to appear here this morning, sir.

[The full text of Senator Denton's opening statement follows:]

OPENING STATEMENT OF SENATOR DENTON

Senator **DENTON**. The subcommittee has called this hearing to examine how business, labor, and Government can forge a strong partnership to meet the current and future needs of older persons to remain integral parts of our Nation's work force. If hearings are indicators of concern about an issue, then Congress is genuinely concerned. There have been numerous hearings on the situation of the mature worker, but here, as in many other cases, we face the dilemma of how to translate our concern into social change. That is the question we hope to consider this morning.

Harold Sheppard has coined the term "policy schizophrenia" to describe the phenomenon we are now experiencing. We have, for example, passed a law that conveys the message that older workers have a right to remain employed as long as they are capable and desire to do so. At the same time, however, our attitudes, our social security and pension policies, and the ways our business institutions are organized encourage, persuade, or coerce people into leaving the work force before it is necessary that they do so.

We are increasingly aware of this paradox, but willingness to change the situation in the private sector has lagged badly. For example, in 1979 the Work in America Institute conducted a survey of 1,300 large firms to find out about alternative or modified work arrangements that benefit older persons; it received responses from only seven percent of those approached. Without wanting to deny the important contributions of our labor unions, I believe they are preoccupied, and understandably so, with our high unemployment rate and with the desire to preserve full-time jobs for their members, not with the problems of older workers.

The Federal Government has hardly been more responsive. Undersecretary Malcolm Lovell, in testimony delivered just last October, said of the Department of Labor, "* * * We are at the beginning of our consideration of these matters." I do not dispute that assessment.

The record of service to older workers by our major Federal jobs program—CETA—has been poor. In fiscal year 1980, workers age 55 and over accounted for only 2 percent of title II Comprehensive Employment and Training Services participants and only 1 percent of title VII Private Sector Initiative enrollees. For years, Congress and the Department of Labor have allowed the Senior Community Service Employment programs to operate without adequate emphasis on training and placement of participants in private sector jobs. It now appears that Congress and the administration will allow the new job training legislation proposed to replace CETA to concentrate primarily on the very young.

What we must understand and implement, and this has been said before, is that, by expanding opportunities for hiring and retaining older workers, we will both fulfill the immediate needs of older workers and prepare employers for the future.

Older workers need employers, as statistics demonstrate. Although 7.3 percent of all unemployed workers are 55 and over, 22 percent of discouraged workers are 55 and over. The average length of unemployment for older workers, 15.9 weeks, is greater than that for the general population. In addition, during periods of economic recovery the decline in long-term unemployment among various age groups is least among older persons.

Employers need older workers. This segment of our work force, which we today too often consider surplus, will soon become increasingly crucial to the continued productivity of our Nation. One of today's witnesses, Mr. Mike Batten, will paint a vivid picture of that situation. I will confine myself to pointing out that continued early retirement will lead to shortages of skilled workers as we approach the year 2000. Older Americans will then still constitute 27 percent of our population, but the younger age groups in the labor force will decline by 6 percent.

For employers to cope properly with this trend, they need adequate and accurate information on the benefits of mature workers. They require practical experience working with significant numbers of older employees within their own companies. They need information on the trainability and productivity of older workers for various tasks and in various work environments. They need accurate and useful ways of measuring performance and potential. Employers need to know how to calculate the costs of keeping older workers on the job under alternative work arrangements, such as part-time, flexitime, and job sharing in comparison with paying them retirement benefits for 15 years or more. And, finally, employers need employees who are not possessed by the 30 years and out attitude.

I am encouraged by the voluntary efforts of some companies to respond to the needs of all segments of our work force for increased employment opportunities. Two examples come quickly to mind. The Travelers, which is a recognized leader in encouraging the hiring and retention of older workers, recently held a conference for the purpose of educating other companies in managing an aging work force. Just a few weeks ago, the Heublein Corp. pledged to implement a $180 million employment and job training program for youth. While the Government can provide leadership by communicating accurate information about the older worker and by demonstrating concern about the older segment of our work force, it is the private sector that is the only natural, enduring source of jobs.

What is good for the mature workers and their employers will be of great benefit to our economy. In preparation for the White House Conference on Aging, the Technical Committee on the Economy commissioned a study by Data Resources Inc. to project what would happen to the economy over the next 25 years if older persons participated in the work force in the same proportion as they did in 1970. The firm concluded that there would be long-term improvement, for older workers would increase the pool of available workers enough to offset the decrease in the number of younger workers. By the year 2005, our GNP would increase by almost 4 percent each year, without increased inflation. The expanded economic growth would increase Federal, State, and local revenues by 40 billion 1980 dollars.

In short, better employment opportunities for older workers would benefit everyone, and we should encourage them. We, at the Federal level, must use our limited funds in the manner most likely to encourage the hiring and retention of older workers and the adoption of more flexible employment and pension policies. We must rely heavily on those companies and unions that have already demonstrated their commitment to the needs of older workers to set an example for other companies and to encourage them to move in the same direction. I believe we will be successful if business, labor, and Government band together in a spirit of determination and cooperation.

By way of introduction to the audience and for the record, Malcolm Lovell, the Under Secretary of Labor, will testify for the administration. Mr. Lovell has had a long and distinguished career in employment policy, which includes serving as Assistant Secretary for Manpower in the Nixon administration.

Mr. Lovell, we are privileged to have the benefit of your expertise at this hearing, and we welcome you and your two colleagues here this morning. If you would care to make an opening statement, please proceed.

STATEMENT OF HON. MALCOLM R. LOVELL, JR., UNDER SECRETARY, U.S. DEPARTMENT OF LABOR, ACCOMPANIED BY PAUL MAYRAND AND MALCOLM MORRISON, LABOR DEPARTMENT STAFF

Mr. Lovell. Thank you, Mr. Chairman. I am accompanied by Paul Mayrand and Malcolm Morrison, of the Labor Department staff, and if I may, I would like to submit my entire statement for the record, and I will provide you with somewhat briefer opening comments now.

Before getting into some of the specific title V concerned as well as others which the committee has asked us to address, I would like to make a few remarks on the Department's stewardship of title V or the Older Americans Act.

Title V, better known as the Senior Community Service Employment program, employs elderly, low-income persons in part-time community service jobs. At the present time, the program supports 54,200 job opportunities and is funded at the level of $277 million for the period that ends June 30, 1982. We will begin spending the fiscal 1982 appropriation of $66.5 million on July 1, 1982. The $66.5 million appropriation will support 52,000 job opportunities from July 1 to September 30 of this year.

Now, with regard to the recent 1981 amendment enacted by Public Law 97-115, I would like to comment on two of the more substantive changes.

One, sections 502 and 507 were amended to eliminate the reference to serving those with "poor employment prospects" and "whose opportunities for other suitable or private paid employment are poor". Absent any indication to the contrary, the Department views these particular changes as requiring a more intense focus on individuals who would benefit more from title V as a transitional arrangement from unemployment to unsubsidized employment.

Consistent with congressional intent, we have informed program sponsors to delete from the participant eligibility criteria the previous requirement that participants have poor employment prospects for participation in the program.

Two, section 506 requires that the Secretary use from 1 to 3 percent of the funds in excess of the fiscal year 1978 appropriation to fund private sector demonstration projects. As you are aware, under the current construction of Public Law 97-92, the Continuing Appropriation Resolution, in which forward funding for title V was deleted by action of the Senate committee there are no funds available to implement private sector demonstration projects.

Now, let me address the four concerns listed in the committee's March 10 letter to the Secretary.

In regard to the administration's position on title V, the administration's fiscal year 1983 budget contains no provision for the continuation of title V. I do not need to remind you of the budget constraints that we are all facing. We are going through a difficult period of hard choices, and this is clearly one of the more difficult ones. We are not unmindful of the importance of this program and the contribution it is currently making to older individuals, and we can assure you we are continuing to examine additional ways of meeting the employment needs of the elderly in a responsible fashion in fiscal year 1983.

I regret that I am not able to give you a more definitive response at this time, but I pledge that we will work closely with this committee as we examine the various options available and as we weigh the human concerns for the elderly population with the overall demands placed on all of us for fiscal constraint.

In regard to your second concern about statistics on transitioning title V enrollees to the private sector and on barriers to transitioning, the Department has established an unsubsidized placement goal. This goal is currently 15 percent of the number of authorized positions. Although most title V participants are over the age of 60, some sponsors have been able to meet or exceed this goal. At the conclusion of each of the last two complete program years, the program had a national placement average of nearly 12 percent. We anticipate that the placement rate for the present year will be about 15 percent.

The Department is addressing the transition issue through information and technical assistance activities. For example, the Department awarded a grant to the National Council on the Aging [NCOA] to sensitize the employment and training network to the job-related needs of older workers and to expand available knowledge on age and work. NCOA is winding up work on this project, which includes a communication bulletin, resource manual, and a training design. Private industry councils are among the major recipients of these tools.

Now, speaking of the private sector as a whole, there are general barriers which impede private sector employment, such as adverse impact of unsubsidized income on social security benefits; outdated skills of many elderly people, and of course, discrimination based on age, as well as race and sex.

In regard to your third concern, the Department is aware that CETA has consistently served older workers to a lesser degree than other groups. Under the administration's proposed employment and training bill, Governors and local job-training councils will be able to utilize up to 10 percent of their funds to serve older workers and others who have special employment problems. As the older worker segment continues to grow, we are confident the sponsors will become more sensitive to their needs and will serve older workers as part of their ongoing employment program.

In regard to your last concern about the Department's information and technical assistance capability, we are engaged in research and demonstration activities to improve that capability with respect to older workers.

These activities include: (1) the planned expenditure of approximately $500,000 to jointly conduct research with the National Commission for Employment Policy for the purpose of identifying and determining the quantitative importance of factors that affect older workers' participation in employment and training programs; (2) the planned expenditure of approximately $500,000 for a demonstration effort with the private sector in developing flexitime, job-sharing, job-search arrangement, and other innovative approaches to work patterns which will accommodate older workers; and (3) the ongoing annual expenditure of approximately $1 million to support the Census Bureau and Ohio State University in conducting national longitudinal surveys, including older workers.

Mr. Chairman, I would like to conclude my remarks today by stating again that this is a time of limited resources. It would therefore be inappropriate for me to suggest to this committee that major new efforts will be proposed by the administration. As the President has so often stated, our primary focus must be on stimulating economic growth. I sincerely believe that our success in that effort will more likely result in a larger number of older workers obtaining and retaining employment in the private sector than any other activity in which we might engage.

I appreciate this opportunity to testify, and I will be pleased to answer any questions that you may have.

[The prepared statement of Mr. Lovell and responses to questions of Senator Denton follow:]

STATEMENT OF MALCOLM R. LOVELL, JR.
UNDER SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

April 1, 1982

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to appear before you today to discuss the Department of Labor's activities for promoting employment opportunities for older workers.

Before getting to some of the specific Title V concerns and others which the Committee has asked to address, I would like to make a few remarks on the Department's stewardship of Title V of the Older Americans Act.

Title V, better known as the Senior Community Service Employment Program (SCSEP), employs elderly low-income persons in part-time community service jobs. Program participants work in a wide variety of community service activities, such as weatherization efforts in relation to energy conservation and in beautification and restoration projects. Further, they serve in such community service facilities as hospitals, libraries, and local offices of the State Employment Service. The SCSEP is administered through its own enabling legislation and outside the main channels of the primary Federal employment and training effort being conducted under the Comprehensive

Employment and Training Act (CETA). At the present time, the program supports 54,200 job opportunities and is funded at the level of $277.1 million for the period that ends June 30, 1982. We will begin spending the Fiscal Year 1982 appropriation of $66.5 million on July 1, 1982. The $66.5 million appropriation will support 52,000 job opportunities from July 1 to September 30 of this year. This action will bring the funding cycle for this program in sync with other Federal programs which begin on October 1 of each year.

With regard to the recent 1981 amendment, enacted by P.L. 97-115 (December 29, 1981), I would like to comment on two of the more substantive changes, which are addressed in Sections 502, 506, and 507.

1. Sections 502 and 507 were amended to eliminate the reference to serving those with "poor employment prospects" and "whose opportunities for other suitable or private paid employment are poor." Absent any indication to the contrary, the Department views these particular changes as requiring a more intense focus on individuals who would benefit more from the SCSEP as a transitional arrangement from unemployment to unsubsidized employment. For example, the Senate Report accompanying S. 1086 stated that the SCSEP "cannot reach its full potential... if it

continues to serve persons who have little or no likelihood of moving into private sector employment." Again, the conference report accompanying H.R. 3982 states that, "the Secretary of Labor encourages sponsors to increase their efforts to transfer program participants into private sector jobs. The trend toward longer workforce participation because of improved health-changing attitudes of workers and employers, and the erosion of retirement income by inflation compels us to move in this direction."

We should indicate, in this regard, that our most recent statistics indicate that 58 percent of Title V participants have less than a high school education and that 53 percent are 65 years old or older. These are individuals who generally are considered to have poor employment prospects, reflecting the focus of the 1978 and prior Older Americans Act Amendments. A shift in the direction encouraged by the 1981 Amendments will probably mean that program participants will gradually become younger and better educated. Consistent with congressional intent, we have informed program sponsors to delete from the participant eligibility criteria the previous requirement that participants have "poor employment prospects" for participation in the program.

2. Section 506 requires, that the Secretary use from one to three percent of the funds in excess of the Fiscal Year 1978 appropriation to fund private sector demonstration projects. As you are aware, under the current construction of P.L. 97-92, the Continuing Appropriation Resolution, in which forward funding the SCSEP was deleted by the Senate Committee Action, there are no funds available to implement private sector demonstration projects. We are, nonetheless, moving forward in the development of the criteria to be used in ensuring that whenever such projects are funded they will include activities such as flexitime, job sharing, and other alternative work arrangement that will better accommodate the needs of older workers.

Now, let me attempt to address the four concerns listed in the Committee's letter of invitation. These concerns are, specifically, the Administration's position with regard to Title V, the Title V experience in facilitating the transition of program participants and known barriers to such movement, older workers' experience under CETA and how the Administration's bill will serve older workers, and, finally, what the Department is doing to provide information and technical assistance to labor unions and management to foster increased employment opportunities for older workers.

-- In regard to the Administration's position on Title V which authorizes the SCSEP, the Administration's Fiscal Year 1983 budget contains no provision for the continuation of Title V.

I do not need to remind you of the budget constraints that we are all facing. We are going through a difficult period of hard choices and this was clearly one of the more difficult ones. We are not unmindful of the importance of this program and the contribution it is currently making to over 54,000 older individuals, and we can assure you we are continuing to examine for Fiscal Year 1983 additional ways of meeting the employment requirements of the elderly in a responsible fashion. I should also point out that when we look at the Federal budget as a whole, total spending for the elderly will increase in 1983. Moreover, the elderly will receive a larger share of the total budget than in 1982. The Title V program is the only program providing assistance to the elderly for which no resources are requested in 1983.

-- In regard to your second concern about statistics on the movement of Title V enrollees to the private sector and on barriers to this movement, the Department has established an unsubsidized placement goal of 15 percent of the number of authorized positions. Although most SCSEP participants are over the age of 60, some sponsors have been able to meet or exceed the goal. At the conclusion of each of the last two complete program years, the program had a national placement average of nearly 12 percent. We anticipate that the placement rate for the present year will be about 15 percent.

A quick examination of the experience of our sponsors indicates that most placements are in the public and nonprofit sectors. In fact only 3 out of every 10 SCSEP unsubsidized placements is in the private-for-profit sector. This is not surprising since all SCSEP workers are involved in community services. Thus, public agencies have the opportunity to observe the capabilities of older workers first hand. Similarly, through their jobs, the SCSEP workers have an opportunity to see and explore occupational areas within the public sector. They can identify jobs for which they feel they qualify and would like to have.

It is also our general observation that many unsubsidized placements take place when the agencies where the workers are stationed convert them to their regular staffs.

To date, we have not had a comparable effort in the private sector. Thus, private sector managers have not had the same opportunity to observe that older workers can contribute just as much to their organization as the younger worker. However, the Department is addressing this factor through information and technical assistance activities. This is in conjuction with the increased emphasis on the movement of older workers into unsubsidized employment in programs such as the SCSEP. For example, at the recent SCSEP National Conference held in Baltimore last November, representatives from all levels of SCSEP Administration, the business community, network TV, the Congress, as well as experts in the field of aging met to discuss the employment problems of older workers and the ways and means to increase their opportunities. Among the methods discussed and for which technical assistance was provided were job fairs, job clubs, job sharing, and job restructuring.

The Department also awarded a grant to the National Council on the Aging (NCOA) for the purpose of making the employment and training network aware of the job-related needs of older workers and for the purpose of expanding available knowledge on age and work. NCOA is finishing work on this project which includes a communication bulletin, a resource manual, and a training design. Private industry councils, established under Title VII of CETA, are among the major recipients of these tools.

We are finding that as time goes on the acceptance of older workers by the private sector is increasing. Speaking of the private sector as a whole, there are general barriers which may impede private sector employment such as:

- the disincentive to seek employment due to the Social Security benefit structure;
- outdated skills of many elderly people; and
- discrimination based on age as well as race and sex.

In regard to your third concern, the Department is aware that CETA has consistently served older workers to a lesser degree than other groups. Under the Administration's proposed job training bill, governors and local job training councils will be able to utilize up to 10 percent of their funds to serve older workers and others who have special employment problems. We are confident that sponsors will become more sensitive to the needs of older workers as this segment continues to grow, and that they will serve them as part of their ongoing programs. As I stated previously, the Administration will continue to examine additional ways of meeting the employment requirements of the elderly in a responsible fashion.

-- In regard to your last concern about the Department's information and technical assistance capability, we are engaged in research and demonstration activities to improve that capability in respect to older workers. These activities include:

1. The planned expenditure of approximately $500,000 to jointly conduct research with the National Commission for Employment Policy on a variety of topics pertaining to the employment status and behavior of middle-aged and older workers. In addition, a study will be commissioned

for the purpose of identifying and determining the quantitative importance of factors that affect older workers' participation in employment and training programs, including major programmatic impediments; placement goals; legal, regulatory, and Administrative requirements; individual characteristics; and the availability of alternative sources of income.

2. The planned expenditure of approximately $500,000 for a demonstration effort with the private sector in developing flexitime, job sharing, job-search arrangement, and other innovative approaches to work patterns which will accommodate older workers.

3. The ongoing annual expenditure of approximately $1 million to support the Census Bureau and Ohio State University in conducting National Longitudinal Surveys. These surveys collect data on the same sample of persons, including workers who were aged 45-59 in 1966. They produce information on the process of change, have predictive value, and can be effective in pinpointing when and how socioeconcmic problems arise.

I would like to conclude my remarks today by stating again that this is a time of limited resources. It would therefore be inappropriate for me to suggest to this committee that major new efforts will be proposed by the Administration. As the President has so often stated, our primary focus must be on stimulating economic growth. I sincerely believe that our success in that effort will more likely result in a larger number of older workers obtaining and retaining employment in the private sector than any other activity in which we might engage.

Mr. Chairman, thank you very much for inviting me to testify, and I will be pleased to answer any questions which you and the Members of the Subcommittee might have.

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THE UNDER SECRETARY OF LABOR
WASHINGTON

MAY 17 1982

Honorable Jeremiah Denton
United States Senate
Washington, D. C. 20510

Dear Senator Denton:

Thank you for your letter of April 2 which addresses some of the Subcommittee's concerns about Title V of the Older Americans Act. In this regard I would like to thank you and the Subcommittee for permitting the Department to express its views on older worker employment issues. I regret the delay in responding.

In your letter you raise several questions. Your questions and our responses are as follows:

- "How much goes for overhead and administration both at the local level and at the national level?"

Regulations for Title V limit the Federal share of administrative costs to 15 percent of the grant award. This includes costs for both local and national administration. For the last 12-month program year which ended on June 30, 1981, the actual Federal share of all administrative costs was 11 percent.

- "How many people are employed yearly under these national grants?"

At the conclusion of the last program year, 60,628 enrollees had participated in projects operated by national sponsors.

- "What evidence do you have these part-time jobs lead to permanent employment?

Reports, which are submitted quarterly by the national sponsors, indicate that 4,833 enrollees were placed into unsubsidized jobs last year. So far this year 1,619 have been placed into unsubsidized jobs.

- "What is the annual cost per job?"

For planning purposes we have determined that the average national unit cost to support the 54,200 job slots for a full year is $5,111 for the current program year. This unit cost is based on all program costs, including administration, enrollee wages and fringe benefits as well as other enrollee costs. It also assumes that enrollees will work approximately 20 hours per week and earn, as required by statute, the Federal minimum wage or slightly more.

Since many program participants leave the program during the year, the same job slot may be filled by more than one person during the program year. For example, a Title V teacher aide job may be filled by one person for the first 3 months and another person for the last 9 months of the program year. During the last program year the unit cost was $4,944. National sponsors planned to provide 41,750 job slots; however, 60,628 people were actually employed in these slots during the course of the year. Thus, the average actual cost of employment of each person was $3,300.

Again, thank you for permitting me to appear before your Subcommittee.

Sincerely,

Malcolm R. Lovell, Jr.

Senator DENTON. Thank you very much, Mr. Secretary. I totally agree, particularly with your last sentence regarding the stimulus to the overall economy. We talk about the local deficit. We have the local newspaper pointing to it so conspicuously, and I think disproportionately with respect to importance, without noting such imponderables as a 1-percent drop in the unemployment rate would be a $25 billion effect on that predicted budget; without regard for the fact that if you trade off defense money for welfare in general, you will encounter an increasing acceleration of the economic losses incurred as a result of failed foreign policies, such as loss of access to oil off Vietnam, the increasing denial of access to the strategic minerals in Africa, the situation in Central and South America. These are the real tremendous consequences, economically, to such false reasoning. Older people seem aware of that. They are patriotic—I do not mean the ones who are doing the lobbying. I mean the ones who are out there, wanting a job. They understand that. They are the most patriotic Americans I know, and they have been through a depression and World War II, and they are realistic. It is some of the shrill voices of those who are not sincere on this subject which bother me.

I believe that the administration is going to, as you said, be very careful and place increasing emphasis on more opportunity for older workers, but we must look into some questions there.

In your testimony before the Senate Special Committee on Aging in October of last year, you gave an accounting of the Department's present efforts in behalf of older workers, as well as options it was considering for the future. I would like to ask you a few questions that refer to that testimony.

You stated that in order to comply with the mandate to undertake studies and provide information on the needs and abilities of older workers, the Department was conducting several research projects with CETA funds and supporting the professional journal, "Aging and Work." At that time, you mentioned that the Department was considering undertaking a number of projects for the future. Will the Department be able to undertake any of the projects you mentioned in fiscal year 1983?

Mr. LOVELL. Obviously, it will not be possible for us to undertake any projects under the current constraints of the law. The 1 percent, as you know, applied to increases over the 1978 mark, and since we are now operating under a budget which expires at the end of September, there will be no money available for that purpose.

On the other hand, we do have plans, in case money does become available through this or other sources, and as I indicated in my testimony, we are engaged currently in a number of efforts with the National Commission on Employment Policy and with other groups—the National Council on Aging, I believe—so that our research and our efforts to continue to encourage employers to be aware of the quality of work available for older people is continuing.

As you look ahead, Mr. Chairman, there is no question that not only is our population aging, but perhaps fortuitously, the demands of the society for people of this quality are increasing as well.

As I look over the next decade—and I know this is hard to deliver with today's high unemployment rate—but we are likely to find tight labor markets where the demand is in excess of the supply. And I think that is going to be a very amiable development for the older worker because they will be more in demand. All kinds of workers will be more in demand. And older workers typically have established fine work habits, and they are often creative. As both you and Senator Hayakawa have indicated, they can bring tremendous value to the job.

So, I am really very optimistic. I think programs like title V, which over the past years have provided increased income, perhaps, are essentially not really the way we should be proceeding. I think that a more optimistic view, certainly from the point of view of the elderly, if not for those people who operate the programs, is that they are going to be more in demand, and that they do not really have to fall back on public subsidy efforts. There are manv full-time and part-time options which will be open. I think the Department of Labor is going to emphasize more and more in its work with the private sector the need to seek out older workers and the need to integrate older workers into their normal operation.

Senator DENTON. I agree with you, sir. I hope people will realize, after thinking more objectively, that President Reagan's program is hardly under way in terms of there having been no tax money yet retained by anybody. This summer, the tax which would have been paid by business, that will now be retained as dollars for them rather than for Uncle Sam, will be used for saving or for capital investment. Because of the income tax breaks given to the people which would have gone to the Government, an average of $560 per year will also be, in about July, in people's pockets.

What has kept interest rates up is the demand for borrowing. And the demand for borrowing has come because inflation was there; everyone knew that it would cost them more for a loaf of bread or a car next year, so why not borrow and spend, because the interest rates are going up next year. We have become accustomed to that over the past 15 years. Inflation was 4.6 percent in January, 3.6 percent in February, and is almost zero now. What does that mean to an older person on a pension? You know where it was a year ago, so do not believe that baloney you are reading in the newspapers. It is just not true.

Business is the real source of jobs for the elderly and everyone else—the Government cannot do it. That is the way it is in the Soviet Union and in Poland, and that is why they are revolting over there—the real source of jobs is the private sector. And for the first time, our business, since 1900, is on the same basis as the business of Japan, West Germany, France, and so forth, in terms of depreciation tax. This is in addition to the fact that our industrial base was built in the twenties mostly, and West Germany's and France's and Japan's, with our help, was built in the fifties, sixties, and seventies. Now, think about those things, because those are the fantastically influential factors that will determine whether or not we have a healthy economy and whether or not there is more or less work to go around.

Our President is moving in the right direction on that. He was a left-wing liberal back in the thirties, when he should have been one, in my opinion. He sees a different balance between free enterprise and compassion now, with compassion having in some cases been defined falsely and erroneously, in terms of what policies were used. I believe the man is on the right track. I am not totally ignorant in this field, having a master's degree in it and some concern all my life about it.

I am very encouraged by the direction of the Under Secretary's testimony because it confirms with your superior expertise and knowledge, some ideas I have had, with which there are disagreements on the committee on which I serve, with Senators who see things differently. I believe that we have a very fortunate man in this position where you are.

The professional journal, "Aging and Work," the Department is not going to fund that because it believes it should be self-sustaining. Will there be any efforts in its place to make the latest research on the older worker available to business and labor, or can we count on this being done by the private sector?

Mr. LOVELL. I think many of our efforts are going to be in the direction of making known to the private sector opportunities that have been discovered by others, results of experiments and demonstration projects. We plan to really continue a communication process of very substantial magnitude and to encourage that kind of communication between companies in the private sector, as well. I do not think any particular magazine or publication necessarily has a preeminent role in this communication process. Really, Mr. Chairman, I think the important thing that we are going to find over the next few years is a very real, growing interest on the part of employers in hiring older people. That is going to make a lot of difference. I think the Federal Government can be helpful in supplying them with information and referring them to other organizations and institutions that have had experience in this, so that as the demand increases, companies will be able to make the fullest utilization of it.

Senator DENTON. I share that belief. Again, half of me is concerned with the speed and synchronization. I hope, for example, that the President's Task Force on Private Sector Initiatives gets itself together and gets moving. I have great confidence that it will. But in the meantime, there are disappointments with respect to seeing the beginnings of programs which I believe will develop. But so far, it is a 44-man sort of mob, I think, but if we can get it together and get it going, we are going to be a lot better off in a year or two.

Mr. LOVELL. I have been quite impressed, actually, with the caliber of people, and I think they are tackling the problem very realistically. I do not think they are defining their job in such terms that it cannot be achieved. They are keeping their eye on things that they can do. Some of the commitments that the corporate members have made in terms of contributions, both personal and corporate, I think, are important. So I am impressed with their efforts.

Senator DENTON. Well, if they are going to do it right, they have got to establish the fundamentals first, and there is going to be a rather slow development of specifics. And it is that lag with which we must concern ourselves.

How much of the Department's fiscal year 1981 program dollars, including money given to CETA prime sponsors, was used to serve older workers?

Mr. **Lovell**. Mr. Chairman, we estimate about 3 percent of CETA funds are spent on older workers. That is approximately $228 million. Of course, we should also add $277 million from title V. So, approximately $500 million is spent on older workers. But, I do think the amount of attention being given to this problem is certainly increasing. As you know, some of the things that we have done in our Federal programs have been counterproductive; they have established a sense of dependency rather than independence. And I think the comments that both you and Senator Hayakawa made this morning, in terms of the importance of the feeling of individual worth, and the pride in the individual's capacity to work and to make a contribution is just tremendously important, for both young and old. As we struggle to find ways that society can be helpful to the disadvantaged of all ages, sexes, and races, I think we have to be somewhat humble and try not to take away from them the sense of initiative that really is the thing that is going to allow them to move into the mainstream of life.

Senator **Denton**. I imagine you would agree with me. My observation is that the elderly in our population are less susceptible to being lured into a dependent position than any other sector, in age terms.

Mr. **Lovell**. I think that is probably true, although we are all vulnerable to some extent, in that regard.

Senator **Denton**. Oh, yes, including me.

You mentioned that the Department is moving forward in the development of criteria for the title V private sector demonstration program. I believe these criteria were due on March 29. How far along is the Department in this process?

Mr. **Lovell**. We should be completed within 1 month.

Senator **Denton**. I personally will be very interested in how that is coming along and would like to see those criteria as soon as possible after their development.

Mr. **Lovell**. We certainly will, Senator.

[Information supplied for the record follows:]

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March 26, 1982

To: Senate Committee on Labor and Human Resources
Subcommittee on Aging, Family and Human Services
Attn: Gail Jimerson

From: American Law Division

Subject: Legal Questions Regarding Authorization of Appropriations for Title V of the Older Americans Act of 1965, as Amended, by Publ. L. 97-115

This responds to your request for a legal analysis of an issue which has arisen regarding Section 12(g) of Publ. L. 97-115 which amends Title V of the Older Americans Act of 1965, 42 U.S.C. §§3056 et seq. Section 12(g) of Publ. L. 97-115 amends Section 508 of the Older Americans Act, regarding authorization of appropriations, to read in pertinent part, as follows:

> **AUTHORIZATION OF APPROPRIATIONS**
>
> **SEC. 508. (a) There is authorized to be appropriated to carry out this title—**
>
> **"(1) $277,100,000 for fiscal year 1982, $296,500,000 for fiscal year 1983, and $317,300,000 for fiscal year 1984; and**
>
> **"(2) such additional sums as may be necessary for each such fiscal year to enable the Secretary, through programs under this title, to provide for at least 54,200 part-time employment positions for eligible individuals.**
>
> **For purposes of paragraph (2), 'part-time employment position' means an employment position within a workweek of at least 20 hours.**

A question has been raised regarding construction of the language in the above section which reads "such additional sums as may be necessary for each fiscal year to enable the Secretary, through programs under this title, to provide for at least 54,200 part-time employment positions for eligible individuals." Specifically, should part-time employment positions provided for under the newly mandatory experimental projects authority (Section 12(e) of Publ. L. 97-115) be counted toward the minimum number of 54,200 authorized positions along with those provided under the existing Older Older American Community Service Employment Program? As indicated in the discussion below, it would appear reasonable to count part-time employment positions provided for under both the existing provisions of Title V and the newly mandated experimental project authority toward the authorized total of at least 54,200 positions. However, it is also noted that this language does not bind the Congress with respect to either the amount of appropriations or the manner of distribution of such appropriations.

Title V of the Older Americans Act directs the Secretary of Labor (Secretary) to "foster and promote useful part-time opportunities in community service activities for unemployed low-income persons who are fifty-five years old or older." 42 U.S.C. §3056(a). The Secretary is authorized to enter into agreements with public or private nonprofit agencies or organizations to further the goals of the program, and such agreements may include provisions for the payment of costs of projects developed by such organizations. 42 U.S.C. §3056(b). Prior to the changes made by Publ. L. 97-115, the Secretary had discretionary authority to reserve up to 1 per cent of appropriated funds to "enter into agreements designed to assure the transition of individuals employed in public service jobs under this title to employment opportunities with private business concerns." 42 U.S.C. §3056(e). This discretionary authority was not utilized by the Secretary. See Sen. Rept. No. 97-159, 97th Cong., 1st Sess., (July 20, 1981) at 12.

The Older Americans Act Amendments of 1981, Publ. L. 97-115, made a number of changes to the Title V program. Of relevance to the issue raised herein is Section 12(c) of that Act which makes mandatory the formerly permissive authority of the Secretary to conduct experimental projects designed to promote the placement of older persons in employment opportunities with private business conerns. The rationale for this legislative change is set forth in Sen. Rept. No. 97-159, supra, at 12:

> It is our belief that the SCSEP (Senior Community Service Employment Program) has much to gain by experimenting with agreements which would enhance private sector involvement in the hiring of older Americans. Although services provided to communities in the areas of health, housing, neighborhood improvement, and other fields of public service afford prospects for job entry, the preponderance of employment opportunities exist in non-subsidized jobs in the private sector. We must find ways to tap this resource.

Thus the Secretary is now required, in addition to providing for projects under the principal provisions of Title V, to also conduct "experimental projects designed to assure second career training and the placement of eligible individuals in employment opportunities with private business concerns." Section 12(c) of Publ. L. 97-115. For the purpose of entering into agreements relating to improving the transition to private employment of eligible individuals, the Secretary "shall reserve an amount which is equal to at least 1 per centum but not more than 3 per centum of the amount appropriated in excess of the amount appropriated for fiscal year

1978." Section 12(e)(2) of Publ. L. 97-115.

Also amended by Publ. L. 97-115, was the authorization language, cited above, providing authority for Congress to appropriate "such additional sums as may be necessary for each such fiscal year to enable the Secretary, through programs under this title, to provide for at least 54,200 part-time employment positions for eligible individuals." Section 12(g) of Publ. L. 97-115. This language expresses an intent on the part of Congress that it fund the Title V program at a rate so as to maintain at least 54,200 part time positions, but this language does not explicitly state whether Congress intends to count the 54,200 positions from just the principal program provisions or also include whatever positions may be provided under agreements for experimental projects under the new authority added by Publ. L. 97-115. The legislative history of Publ. L. 97-115 does not shed light on Congress' intention regarding this issue.[1/]

It seems reasonable to assume from the wording of Section 12(g) that the 54,200 positions should include those which may be provided under agreements for experimental projects. That Section reads in part "through programs under this title" which indicates that the authorized minimum level is to include positions funded under more than one "program" under Title V. The term "program" is itself defined in Title V as meaning "the older

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[1/] See H. Conf. Rept. No. 97-386, 97th Cong., 1st Sess., (Dec. 10, 1981); S. Rept. No. 97-159, supra; and, H. Rept. 97-70, 97th Cong., 1st Sess., (May 19, 1981).

American community service programs established under this title." 42 U.S.C. §3056e(4). Under Title V, as amended, there are only two separate program authorities under which the Secretary may provide for part-time positions: the already existing principal provisions, 42 U.S.C. §3056(b), by which the Secretary is directed to enter into agreements to provide for community service employment part-time positions, and the newly mandated experimental projects authority of Section 12(e) of Publ. L. 97-115. Since these are the only two statutory authorities under which the Secretary may provide, "through programs under this title", for "part-time employment positions for eligible individuals", it is reasonable to construe the authorization provision as contemplating inclusion of both authorities in arriving at a minimum total of 54,200 part-time positions.[2/]

While the above interpretation of the language of Section 12(g) appears reasonable, it is noted that the presence of that authorizing language in Title V does not impose an obligation upon either Congress or upon the Secretary of Labor to provide for a minimum of 54,200 part-time positions under Title V.

[2/] It is noted that a greater degree of clarity would have occurred if the term "projects" had been used instead of "programs" in the phrase "through programs under this title" in Section 12(g), since the Title itself comprises only one "program" and under that "program" the Secretary is authorized to establish various types of "projects", including the new experimental projects, to further the goals of Title V. This apparent inconsistency in terminology existed in the provisions of Title V prior to the new authorizing language of Section 12(g). See, for example, 42 U.S.C. §3056(d)(2) where it states that the Secretary "shall review . . . the distribution of programs under this title", but where the term "project" was probably intended. See also 42 U.S.C. §3056(d)(1) where the terms "project" and "program" are used interchangably.

This authorization language in Section 12(g) expresses a desire on the part of Congress that it fund the Title V program at a rate so that the Secretary may provide for at least 54,200 part-time positions, which was the total number of such positions provided by the Secretary under the Title V program in fiscal year 1981.[3/] This language sets a programatic objective and is permissive in scope. McKay v. Central Electric Power Cooperative, 223 F.2d (D.C. Cir. 1955). Congress, in subsequent appropriations measures, may follow this guideline in determining whether it wishes to appropriate additional sums for Title V programs, and in following this guideline it may choose to count or not to count part-time positions which the Secretary may provide under experimental projects toward the authorized minimum total of 54,200 positions. Or, Congress may decrease funding or increase funding using some other policy rationale.[4/]

Since the language of Section 12(g) authorizing Congress to appropriate additional sums so as to operate the Title V program at a certain desired level is directed solely at Congress, it does not impose an obligation upon the Secretary of Labor to provide for any particular

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[3/] See H. Conf. Rept. No. 97-208, 97th Cong., 1st Sess., (July 29, 1981) at 762, which accompanied H.R. 3982, enacted as Publ. L. 97-35, the Omnibus Budget Reconciliation Act of 1981.

[4/] It is of course a well established principle that one Congress cannot bind a future Congress with respect to a particular enactment. This power of Congress to amend or repeal existing law is a necessary corollary of the power of Congress to enact legislation, and such repealing power is not subject to constitutional prohibitions. Stone v. Mississippi, 101 U.S. 814 (1879).

number or ratio of part-time positions under programs or projects authorized by that Title.[5] The statutory requirements imposed upon the Secretary in his administration of Title V include, for example, those which specify how he shall distribute the sums appropriated as between types of grantees; what percentage of funds shall be apportioned among the States and territories; and, the goals to which the spending of such funds shall be directed. See, e.g., 42 U.S.C. § 3056(d). However, the Secretary is not required by any provision of Title V to administer the programs thereunder so as to provide for a minimum of 54,200 part-time employment positions.

With respect to the newly mandated experimental projects authority, it is presumed that Congress was aware that expansion of the experimental projects authority could affect the number of part-time positions provided for under the existing provisions of Title V. Indeed, the legislative changes made by the 1981 Amendments reflect a new thrust in the policy direction of the Title V program, of which requiring the Secretary to use at least 1 per cent of funds appropriated for Title V to conduct experimental projects concerning placement of participants with private business concerns is one example. As stated in Sen. Rept. No. 97-157, supra, at 11-12: "It is the intent of the Committee that the SCSEP (Senior Community

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[5] On the other hand, it is noted that subsection (b) of Section 508 of the Older Americans Act, as amended by Section 12(g) of Publ. L. 97-115, which reads in part "(a)mounts appropriated under this section for any fiscal year shall be used during the annual period which begins July 1 of the calendar year immediately following the beginning of such fiscal year and which ends on June 30 of the following calendar year" is directed to the Secretary and is binding on him.

Service Employment Program) continue to build on its past accomplishments and place greater emphasis on transitioning eligible individuals into employment opportunities not subsidized by public programs."

In thus expanding the experimental projects authority and making it mandatory, the Secretary has been given considerable discretion in designing the experimental projects. No requirement is imposed that he use any of the one to three per cent reserved funds to specifically provide for part-time positions, only that he "conduct experimental projects designed to assure second career training and the placement of eligible individuals in employment opportunities with private business concerns." Section 12(e)(1) of Publ. L. 97-115. To this end the Secretary is directed to enter into such agreements with States and other entities as may be necessary to conduct the experimental projects. And, the Secretary "shall, to the extent feasible, assure equitable geographic distribution of projects" under this section. From the reserved funds the Secretary "may pay all of the costs of any agreements entered into under the provisions of this" section. Ibid. Thus, if the Secretary chooses to fund part-time positions as part of his implementation of the experimental projects authority, using moneys reserved for such use, he is not thereby required to fund fewer part-time positions under the main provisions of Title V. Of course, Congress may, in a future appropriations measure, specify that sums appropriated for Title V programs be utilized so as to provide for a particular number of part-time positions under either the main provisions or the experimental projects provision of Title V or both, but the present statutory framework for Title V does not impose such a requirement.

We hope you will find the above legal analysis helpful for your needs. If further information or analysis is desired, please let us know.

Kathleen S. Swendiman

Kathleen S. Swendiman
Legislative Attorney

Senator Denton. There has been some informal discussion concerning whether part-time employment positions provided for under the newly mandated private sector demonstration authority can be counted toward the requirement that there be a minimum number of 54,200 employment positions funded under title V. I have a legal opinion from the Congressional Research Service that I would like to submit for the record, which clarifies this point. An excerpt is the following quote:

> It would appear reasonable to count part-time employment positions provided for under both the existing provisions of Title V and the newly-mandated experimental project authority toward the authorized total of at least 54,200 positions.

I would like to make a general statement about what I believe this subcommittee would like to see with regard to the title V private sector demonstration program. Perhaps part of the demonstration funds should be awarded in an open-bidding process. I would like to pause there and ask for your comments on that.

Mr. Lovell. Yes, I think that is correct. I think that the open-bidding process should be used more rather than less. I would not want to say that it should be the exclusive vehicle, because there are times when special considerations would warrant choosing a particular contractor. But I think we need to have the open-bidding process a lot more. Too frequently, people who have operated programs begin to feel that they have an inherent right to run them, and I think that the competitive process is important. The objective is to help the people who have been designated by the law to be helped, and sometimes the interest of the contractor takes a predominant position in our discussion of the program. So I think the competitive process is a useful one and is helpful to the program recipients.

Senator Denton. Funds should go to projects that increase employment opportunities for older workers, not to research or studies. How do you feel about that?

Mr. Lovell. I think research and studies can be very helpful. I think that one has to make determinations according to the needs of the time, and sometimes those needs call for further studies and sometimes they call for further action. It is true that, like the farmer, we sometimes know a lot more than we use, and there are times, I suppose, when one stops studying and starts doing. But since a great deal of the activity in this area really has to be generated from the private sector rather than Government, I think the appropriate role of Government is in funding studies and in disseminating the information resulting from those studies.

Senator DENTON. That remark really applied exclusively to the title V private sector demonstration program on my part, where the recommendation is that the funds go to projects that increase the employment opportunities rather than to do research or studies.

And, last, funds should be used to help businesses that are now developing new older worker policies or who are unaware of how to reevaluate their older worker policies without Government assistance. Will any of these principles—and you have replied to two—be reflected in the criteria that the Department will issue?

Mr. LOVELL. Yes, sir, I think both of those will be reflected.

Senator DENTON. It is my understanding that 12 percent of the people in the 54,200 title V job slots were transitioned to private sector jobs in the 1981 program year. I fully understand that the job market is very tight for workers in all age groups right now, but as you indicated in your statement, I believe we should take steps to improve title V's transition rate—that is sort of a truism. Are there revisions that can be made to the program guidelines that would facilitate improved transition? Do you believe the conference held by the Department last year to discuss private sector transitioning with title V contractors was an effective strategy for increasing the transition rate?

Mr. LOVELL. Well, I think it is part of an effective strategy. If one is going to have a title V program, I think that it should stress, much greater than we have in the past, the transitional aspect. As you know, the program really has been regarded as more of an income transfer program than a jobs program. When you just select out from 8 million eligible recipients, 50,000 or 60,000 people to participate in an income transfer program, there are some real questions of equity that you could raise. Programs to encourage transition, employability, and competitiveness in the labor market, I think, are more valuable kinds of efforts for a larger number of people.

Senator DENTON. This title V demonstration program is admittedly a small effort. I was encouraged at one point that the administration was talking about using $100 million of the targeted group's money in its new job training proposal to train older workers. Why was this element left out of the latest draft of the bill drawn by the administration and Senator Quayle's Subcommittee on Employment and Productivity?

Mr. LOVELL. Well, Senator, as you know, when bills are being reviewed by a committee, they keep changing daily, and I would have to revise my testimony almost daily in order to keep up with the changes.

But let me say that when the administration originally proposed its bill, it did single out for institutional training and on-the-job training, the youth group which generally has been found to profit from this kind of effort to a greater degree. And with limited resources, we wanted to establish an effort that had the highest priority, and from which we could see some results. One of the things that has happened with CETA is that the people of this country have lost confidence in that process, predominantly because of the excesses of public service employment. I think it is important that we renew the confidence not only of the Members of Congress, but of the American people in our capacity to help disadvantaged people through training and work experience efforts.

So it was a conscious choice and it was a difficult choice, but we did concentrate on the younger people. Now, I think that in dealing with older workers, in some instances, training can be helpful, but I think there are other techniques that are probably going to be more valuable to older workers. As I indicated before, I think that labor market information, outreach efforts, job development, and things of that character probably will make more sense than sending older workers back to school—although I do not want to exclude that as a possibility.

Senator DENTON. I want to help the elderly, but I want to help them in ways that are most effective for them and for the economy as a whole.

Would you have any observations on that remark?

Mr. LOVELL. I would just agree with you thoroughly, Senator.

Senator DENTON. Well, you disagree with many members with whom I have to deal, some of whom make it very difficult for me.

Mr. LOVELL. I find that I am in disagreement with many people every day on a number of issues, Senator, and I guess I am probably in disagreement with some of your colleagues on this.

Senator DENTON. I believe there are several low-cost options that Government, labor and management can pursue that will lead to increased employment opportunities for older workers. I would like to ask you about three general ideas.

First, do you believe it would be possible for the Department to provide matching funds to businesses to hold several regional conferences to educate companies about the aging of the work force and encourage them to adopt policies that would keep older people in the work force longer? Now, I do not mean that specific approach, necessarily, but the general idea.

Mr. LOVELL. No, I think that general idea is a worthwhile one, and it certainly will be one of the options we examine.

Senator DENTON. Do you believe an effective means of encouraging companies to adopt more flexible policies toward older workers would be to fund an organization, perhaps out of title V demonstration funds to identify companies that are good candidates for implementing alternative work modes and reviewing pension policies and to provide them with technical assistance in making changes?

Mr. LOVELL. I am not sure that we are wise enough to identify companies who are qualified to adopt certain policies. I think I would rather look for the companies that are doing it, and encourage them to make it known to others that their companies are doing it.

Senator DENTON. And in some ways, this encouragement can be, probably, financial in an indirect sense.

Mr. LOVELL. Well, there are a number of different ways of doing it, and I think we are going to be examining a number of them. As I said earlier, I think one of the main reasons employers are going to want to do this is they are going to need older workers.

Senator **Denton**. That is right. We are going to have a tight job market, and we are going to find out about how the elderly can perform.

Mr. **Lovell**. So they are going to be interested in this.

Senator **Denton**. I have certainly found them so. I do believe the program is only just starting, but we met with members of the Business Roundtable, and one of them, at least, will be testifying today.

Would the Department be willing to hold a strategy session with representatives of business, labor, and Congress to come up with some workable, low-cost initiatives that would further the aims we are discussing here today?

Mr. **Lovell**. You bet.

Senator **Denton**. Why is it required that preference must be given in funding to national organizations under title V?

Mr. **Lovell**. Well, that was put into the law 2 or 3 years ago, maybe longer than that, and I was not present when they made that judgment, Senator, and I am not so sure what all the judgments were, but provisions were written into the law protecting—well, it is not unusual for provisions to be written into the law to protect the sponsors of previous programs. But as you indicated, some opening up of the system in a more competitive fashion, I think needs to be looked at with some favor.

Senator **Denton**. What national organizations were funded over the last 3 years, and in what amounts were they funded?

Mr. **Lovell**. Let's see, I think the National Urban League was one—the National Council on Aging, the National Council of Senior Citizens, the Green Thumb, the National Retired Teachers' Association, the National Center on Black Aged——

Senator **Denton**. Have you got any amounts on those?

Mr. **Lovell**. Yes. The largest, I guess, is the Green Thumb, $83 million—this is 1981 funding—the National Council on Aging, $25 million; the National Council of Senior Citizens, $47 million; the National Urban League, $4.6 million; National Association Pro Personas Mayoris, $3 million; the National Center on Black Aged, $2.8 million.

Senator **Denton**. All right, sir. May I have those in writing for the record?

Mr. **Lovell**. Yes, surely. The U.S. Forest Service which is, I suppose, a national organization, $16 million.

[The following was received for the record:]

National organizations funded and the amounts received over the past 3 years

	Millions
Green Thumb	$83.0
National Council on Aging	25.0
National Council of Senior Citizens	47.0
National Urban League	4.6
National Association Pro Personas Mayoris	3.0
National Center on Black Aged	2.3
U.S. Forest Service	16.0

Senator **Denton**. One thing that I have heard there is some contention about, in the nutrition program, for example, there has not been a means test, and that has been represented to me as efficacious, because the elderly who come to the communal meal need communality, not just food, so that is one reason for it. There is a system, as I understand it, of voluntary contributions for that.

I must say that I have some question in my mind, regarding a number of letters received in another committee—and I am trying to cross committees, because you get one set of perspectives in one committee and another perspective in another, and if you do not get across those lines, you are not getting a picture, and you are going to make the wrong moves—a number of letters from elderly people who are poor, objecting to ladies coming up in Cadillacs and getting their meals and driving off, without making a contribution. What policies are in effect to insure that money goes into—this is title V that I am talking about now; I just wanted to mention that as a background matter—what policies are in effect to ensure that the money goes into areas of greatest need, that is, allocated on the basis of the low-income elderly? We are talking about title V now. I have seen terms like "low prospects for employment" or something, but what about the low income? What are the emphases on that?

Mr. **Lovell**. Generally speaking, clearly, the program is aimed at the more disadvantaged elderly. The relatively few people that we are able to serve with this program require that sort of priority being given to it, and I do think it is a proper priority.

Paul, would you like to say a little bit more about how we determine that?

Mr. **Mayrand**. As I am sure the Senator knows, the legislation requires that the funds be formula-allocated, so each of the States gets its share of the funds, based on the incidence in their State of people 55 and above and economically disadvantaged. The sponsors are required to insure that the means test, which is 125 percent of the poverty, level, be used to establish eligibility for the program. Beyond that, perhaps, since the funds appear to be sufficient only to serve perhaps less than 1 percent of the eligible population, if they stick with the means test, very likely only those would be served.

Senator **Denton**. So in title V, there appears to be no problem in that respect.

Mr. **Mayrand**. No, sir.

Mr. **Lovell**. I think that is correct, Senator.

Senator **Denton**. What provisions are followed to prevent any of these funds being used for partisan political activities or lobbying purposes, that is, in an improprietous way?

Mr. **Lovell**. Well, I think it would be illegal for them to do it, and if we had any evidence of it, why, we would have our inspectors and our enforcement people look into it and take them to court.

Senator **Denton**. Does the Department have any information that would indicate that organizations receiving title V funds are using those funds to lobby the Federal Government?

Mr. **Lovell**. Not to my knowledge, although it is always possible that they may use it to lobby for the continuation of the program.

Now, I am not saying that is so. I am not aware of it—are you, Paul?

Mr. **Mayrand**. No.

Mr. **Lovell**. We have no information to substantiate that.

Mr. **Mayrand**. It might be fair to say, Senator, that we are certainly aware that some of the organizations we fund live off, so to speak, other dollars—contributions from their membership, funds from other sources. But we are not aware that the title V dollars are being used to lobby.

Mr. **Lovell**. I would guess that they would not be because these organizations, by and large, are pretty responsible organizations, and I would not expect that to happen.

Senator **Denton**. I think the Inspector General is looking into some of those areas.

Mr. **Lovell**. It could well be but I am not aware of it.

Senator **Denton**. How do we know that the requirements of title V, 502(b)(1)(a), which specifies that low-income elderly be employed to the fullest extent possible in administering the program are being met, other than the answer you already gave?

Mr. **Lovell**. It is through our general monitoring process; we do it directly from Washington.

Mr. **Morrison**. To a considerable extent, there has been virtually no indication that those criteria are not being met, and furthermore, there are programmatic reports submitted consistently by all of these sponsors of programs, indicating who is being served and that the criteria are being met, and those are reviewed.

Senator **Denton**. You can submit for the record, along with the money that funds the national organizations, if you will, how much each spends on overhead and administration, both at the local level and the national level, how many people are employed yearly under these national grants, respectively.

What evidence do you have that these part-time jobs lead to permanent employment and what is the annual cost per job.

Mr. **Lovell**. To administer the program?

Senator **Denton**. Yes, sir, overall.

Some of these questions are not developed from me or my committee but are in the interest of another set of inquiries that is going on toward this, and I must ask them.

Mr. **Lovell**. We will be delighted to provide that to you.

Senator **Denton**. Do we know what percentage of the overall budgets of the various national aging organizations who participate in this program comes from the Federal Government?

Mr. **Lovell**. I do not think we do. We could derive certain data based upon the indirect costs and perhaps other budget information they may have. It may be that as nonprofit organizations they do publish their source of information, and it could be available, but I personally am not aware of it.

Senator **Denton**. If the title V program receives funding in fiscal year 1983, I believe the Department should conduct a thorough audit of the program to insure that funds are being properly used. Does the Department have any plans to do this?

Mr. **Lovell**. Well, we do not even have any plans to fund the program, Senator, but if we do fund it, I think that we will certainly wish to audit it, as well.

Mr. **Mayrand**. It has been audited once a year in the last 3 or 4 years. We have had an annual audit on all of the national programs.

Senator **Denton**. Personally, I have been disposed to believe that the title V program was a good program. I want to make that remark for the record.

Are there any organizations besides the national contractors that repeatedly receive funding from title V that have expressed interest in running more programs with title V funds, and does the Department have any plans to allow these organizations to compete for the funds?

Mr. **Lovell**. I am not aware of any organizations, but I do think that we would be interested, were we to extend title V funding, to have competitive bidding take place in certain aspects of it, were the law to provide it.

Senator **Denton**. Thank you very much, Mr. Secretary. I will ask that the record remain open for written questions for the usual period.

I want to thank Mr. Malcolm Morrison and Mr. Paul Mayrand for coming this morning, as well.

Mr. **Lovell**. Thank you very much, Mr. Chairman.

Senator **Denton**. Our next witness is Mike Batten, who is an industrial gerontologist here in Washington. Mr. Batten will discuss current and future trends in work force participation by older persons.

Sir, if you would summarize any statement you have and restrict it to 5 minutes or so, we will have that much more time for questions.

Welcome.

STATEMENT OF MICHAEL D. BATTEN, CONSULTANT, INDUSTRIAL GERONTOLOGY, FAIRFAX, VA.

Mr. **Batten**. Thank you very much, Senator. I would be pleased to summarize.

Senator, it is a pleasure for me to be here before your committee, because I certainly am delighted with the work you are doing, especially in this area of older workers.

I would like to make four major points this morning, Senator. One will deal with the past labor force trends and activities of older workers; the second will look at the current labor force activity and some projections in the future; third, I would like to examine briefly some of the policies, tacit or stated, which lie behind some of these labor force behaviors, and then finally, make some recommendations.

In a nutshell, Senator, the past pattern of older workers in America, at least certainly over the last 30 years, has been one of gradual decline in labor force participation, especially between individuals aged 55 to 64 and those 65 and older. The one exception over that period would have to do with women between the ages of 55 and 64, and that shows a gradual trend. But in general, labor force participation rates have dropped; that is to say, the number or the proportion of workers in a given segment, age segment of the population, thus, individuals between 55 and 64 who are in the labor force in 1956 was 86.7 percent of the whole group. Now, that dropped drastically over a 30-year period down to 72.3 percent, showing that more and more older workers were retiring early as time went by. And women, on the other hand, in that group, show a very quick increase, from 27 percent participation in 1950, a jump to 41 percent in 1965, and then that trend has held steady. So we see women holding on in the labor force.

With the over-65 worker, Senator, we have a very interesting pattern, because as that population increases steadily from 1950—the whole population of over-65 was 11,378,000—and it rises, as you know, to about 24 million in 1980. And yet, the labor force figures have been static all that time. I call it the "Club of 3 million." There were 3 million older workers in the labor force aged 65 and over in 1950, and in 1980 and today, there are 3 million. It seems that for one reason or another, very interestingly, that that figure has been static. It seems that you have to break into the "Club" and get employers to do something to let you stay on if you are over 65. But I will get to that later on and why that might have happened.

You heard the Under Secretary state that he thought that we might expect to see more older workers in the labor force as time goes by. Well, the projections made by the U.S. Department of Labor come up with contrary expectations. In 1995, they project about 2,700,000 workers aged 65 and over to be in the labor force. That would actually be a decline from today's present level of about 3 million.

Senator DENTON. When was that projection made?

Mr. BATTEN. The projections were made by the Department of Labor in 1981. Now, I will admit, Senator, that labor force projections are iffy propositions, because any change in the economy can change that, but they have to make some kind of guesstimates——

Senator DENTON. Yes. It was made when the interest rates were like 20 percent, and the inflation rate was like 16 percent. And now, we have essentially—we have almost eliminated inflation over the past 3 months. The Wholesale Price Index dropped for the first time since 1963. So I would have to say that the Under Secretary of Labor might be correct, and this might be incorrect, having been made in a different timeframe, with an entirely different set of economic circumstances and projections.

Mr. BATTEN. I would hope so. It is a guesstimate, but I think that we can influence and should influence the labor force participation patterns of older workers, and I think it is this kind of hearing and dealing with the legislative initiatives that you can come up with that might be able to at least stop this decline. The past trends have been one of decline for older workers; there is no two ways about it. Retirement policies have been in the driver's seat and not employment policies.

As you well know, the pension systems that were put in place during and after World War II have matured over the years, as well as the social security system. So we are not surprised to see older workers taking advantage of retirement, and I am not opposed to individuals taking the advantages of retirement, but what I think we want to do is create the choice and the option for those older workers who are capable, the capable older worker, to stay on and contribute at his or best level of contribution, and that is what I think we should work toward.

Another factor, though, that is operating that might well lead to this decline in activity on the part of older workers is age discrimination. A study was made in 1965 by the Department of Labor, and they found that age discrimination was endemic, and one of the largest complaints was forced involuntary retirement, where people would be pushed out of the labor force, one way or another. Now, I hope that pattern will change, because I do not believe that going to court is the best way to resolve older worker issues. It is resolved, I think, squarely by looking at the ability of the individual and getting those decisionmakers in industry to look at the older worker resource and deal with it in a positive way.

When I look at it now, Senator, the situation of the older worker is a bit of limbo. It is a sort of never-never land. On the one hand, we have case studies that show that some companies and employers are really doing their best to employ and retain older workers. On the other hand, the trends seem to indicate that retirement and early retirement are still a big factor—people leaving the labor force. My concern is this, that if, looking down the line—if you have a copy of my testimony, on page 9, I have done a little bit of jiggling with figures; everyone is allowed to lie with statistics, as you well know, and I am not trying to say mine are all pure. But on tracking a group of workers, who were age 45 to 54 in 1975, and taking them down the line up to 1985, and then the estimates where they will be in 1995, as we look at the labor force participation, the number of individuals below the dividing line, and the total population above, we find literally that almost 15 years from now or less, we will have over 30 million people 65 or older, and less than 3 million in the labor force. Now, I agree that that number can change, and I think we ought to manage that number. But my concern is that is one heck of a large what we call dependency ratio. And if we think that we can support this number of people in full retirement, or whether the pension systems in this country are going to be adequate to support individuals in retirement who are going to be living longer, I think we are in for a bit of a shock.

We have time to plan, and I think now is the time to do it. You heard the Labor Department talk about their title V program, and as laudable as this program is—and it is, in fact, their only program, it deals with 54,000 individuals 55 and over, and we are talking about a universe of 15 million and more. Although the program is good, and I think it is a starting point, it has an insignificant impact on the labor force as such, and I really think the efforts of the Department should probably move in another direction, and that is to encourage employers to examine middle-aged and older workers and retain them.

Now, you heard Mr. Lovell say that they are moving in that direction, but as far as I can see, very little has been done. The Department has had a mandate under the Age Discrimination and Employment Act, under section 3(a), to create not only research on older workers, but to get it out to employers so something can be done. It does not do any good to have their research floating around the library in the Department of Labor or in some university somewhere across the Nation. It has to get into the hands of those individuals who can make decisions.

Summing up, Senator, I would just like to mention some things that Congress might do, and that is to take the initiative in removing some of the labor force disincentives which tend to push older workers out of the market, such as the social security earnings limitation—still, the mandatory limit on retirement, and other kinds of regulations, for example, that force airline pilots to leave their occupations at the age of 60, or force various other workers in certain categories to retire because of the alleged stress on their jobs.

So there are things that Congress can do in a regulatory vein, and I think they should be cleaned up.

As far as industry goes, I think they should start in their own backyard. I think that if Congress and industry are to have a collaboration, I think it is for Congress to see that the information gets out to industry and that industry starts looking at itself. I do not believe we can regulate virtue in industry. I do not think we can regulate decisionmakers to hire any more older workers. We are only going to bring this about if these decisionmakers see that older workers are worth their salt. So, Senator, you have my statement with additional comments, and I would like to perhaps break now and answer any questions that you might have.

[The prepared statement of Mr. Batten follows:]

OLDER WORKERS IN AMERICA: WHERE THEY'VE BEEN, WHERE THEY ARE, AND WHERE THEY MAY BE GOING

Testimony Presented Before
The Hon. Jeremiah Denton, Chairman
Subcommittee on Aging, the
Family and Human Services
of
U. S. Senate Committee on
Labor and Human Resources

By
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Room 4232, Dirksen Office Building
U. S. Senate, Washington, D. C.

April 1, 1982

Mr. Chairman, my name is Michael Batten and I am a consultant in industrial gerontology -- a subject dealing with aging, employment, and retirement. It is a pleasure to testify before you and this Subcommittee on a topic of growing concern -- continued hiring and retention opportunities for capable and willing older workers. Mr. Chairman, there are those who say that older workers should leave the labor force at the traditional retirement ages of 62 or 65 and take the rewards of retirement which they have earned. There are others who will point to economic conditions and state that older workers, who have a retirement income resource, should move out and make room for younger workers who need jobs and promotion opportunity. There are still others who will claim that older workers are less productive than their younger counterparts and, therefore, should retire. I believe you will hear sound testimony today which will not only challenge such views, but lay out many positive approaches for dealing creatively and effectively with the Nation's older worker resource.

This statement will cover four major points. First, it will look at some past labor force trends and influences that have affected older workers. This review will show that labor force participation rates for older workers have been in an almost continuous decline for 30 years. Second, it will examine the current labor force situation regarding older workers and some labor force projections. This will indicate that unless policies change, older worker activity in the labor force will continue to decline and that the retirement dependency ratio -- older persons dependent on income from sources other than earnings -- will grow in a proportion that may prove unnecessary and unacceptable to those who support this group. Third, the testimony will explore some of the policies, stated and tacit, that lie behind the trends and influences affecting older workers. The statement will conclude with some suggestions on how Congress and the private sector can retain and utilize the Nation's older worker resource.

I. -- Older Workers in America: Where They've Been

Classifying a worker as middle-aged or older is an arbitrary matter, at best; but for purposes of analysis, in this testimony the older worker labor force will be considered as individuals over age 55 who are employed or seeking work. The larger group will be divided into two sub-groups: workers ages 55 through 64 and those 65 and over.

TABLE 1. Civilian Population and Labor Force by Sex for Individuals Ages 55-64

	Total			Men			Women		
	Total Pop.	# in Labor Force	LPR* Total	Total Pop.	# in Labor Force	LPR* Men	Total Pop.	# in Labor Force	LPR* Women
1950	13,462	7,633	56.7	6,667	5,794	86.9	6,811	1,839	27.0
1955	14,308	8,513	59.9	6,965	6,122	87.9	7,357	2,391	32.5
1960	15,412	9,386	60.9	7,373	6,400	86.8	8,027	2,986	37.2
1965	16,721	10,350	61.9	7,994	6,763	84.6	8,727	3,587	41.1
1970	18,248	11,277	61.8	8,583	7,124	83.0	9,658	4,153	43.0
1975	19,557	11,226	57.4	9,211	6,982	75.8	10,351	4,244	41.0
1980	20,982	11,755	56.0	9,908	7,165	72.3	11,074	4,591	41.5

* Labor Force Participation Rate (percentage)

Source: Civilian Labor Force 1950-1980, Bureau of Labor Statistics, U. S. Department of Labor

Taken as a group, workers aged 55 to 64 show a fairly consistent pattern of labor force activity over the last thirty years. The participation rate for the entire group in 1950 was 56.7 percent; in 1980, the rate was 56.0 percent. Patterns for men and women, however, show a marked contrast of decline and growth. For men, the rate in 1950 was 86.9 percent. This drops to 83.0 percent in 1970 and then declines by ten percentage points over the decade to a 72.3 percent level in 1980. For women, an almost inverse pattern develops. The participation rate of 27 percent in 1950 jumps by over 14 percentage points to reach 41.1 percent in 1965. The rate then holds fairly steady over the next 15 years and rises slightly to 41.5 percent in 1980.

TABLE 2. Civilian Population and Labor Force by Sex for Individuals Ages 65 and Over

	Total			Men			Women		
	Total Pop.	# in Labor Force	LPR* Total	Total Pop.	# in Labor Force	LPR* Men	Total Pop.	#in Labor Force	LPR* Women
1950	11,378	3,038	26.7	5,358	2,454	45.8	6,021	584	9.7
1955	13,718	3,306	24.1	6,379	2,526	39.6	7,358	780	10.6
1960	15,356	3,194	20.8	6,909	2,287	33.1	8,398	907	10.8
1965	14,461	3,108	17.8	7,638	2,131	27.9	9,760	976	10.0
1970	18,947	3,221	17.0	8,075	2,164	26.8	10,887	1,056	9.7
1975	21,297	2,939	13.8	8,783	1,906	21.7	12,446	1,033	8.3
1980	23,892	3,021	12.6	9,839	1,877	19.1	14,053	1,144	8.1

* Labor Force Participation Rate (percentage)

Source: Civilian Labor Force 1950-1980, Bureau of Labor Statistics, U. S. Department of Labor

The labor force patterns for both men and women aged 65 and over are similar in that they both show declines over the 30-year period. The decline is more dramatic among men -- falling by over 25 percent from 45.8 percent in 1950 to 19.1 percent in 1980. For women, whose initial rate in 1950 was low to begin with (9.7%), the decline is slight -- falling to 8.1 percent in 1980.

It is interesting to note that as the total 65 and over population increases from slightly over 11.3 million to almost 24 million in 1980, the number of workers 65 and over in the labor force holds almost constant at the three million mark. The trend raises some interesting questions.

The data show that the labor force activity of older workers has been either relatively static or in decline. There are some fairly logical explanations behind the trends. First, both pension programs and the social security system began to mature over the thirty-year period, so it is not surprising to see older workers leaving the labor force. Likewise, new collectively bargained agreements with early retirement options were developed over that period and, again, it is not surprising to see older blue collar workers leaving the labor force. One not so logical -- or pleasant -- influence was the prevalence of age discrimination, which often led to early, involuntary retirement. A study conducted by the U. S. Department of Labor in 1965 documented this unfortunate trend affecting older workers. But there are other factors pertaining to older workers which need to be reviewed.

Unemployment, Duration of Unemployment, and Discouragement

Unemployment rates for sub-groups in the labor force often become the basis for gauging the problems of a specific group and policy actions directed toward solving them. The unemployment rates for older workers have been low traditionally. In 1980, the unemployment rate -- which applies to individuals out of work who are actively seeking jobs -- was 3.4 percent and 3.1 percent respectively for men aged 55 to 64 and over age 65. This increased slightly, reaching the 4.6 percent level, for those ages 55 to 64 in 1982. The rate for male workers over age 65 actually declined to 2.9 percent. The rates for women changed in almost exactly the same fashion. In 1980, women aged 55 to 64 experienced a 3.3 percent unemployment rate; those 65 and over had a 3.1 percent rate. These changed to 4.8 percent and 2.2 percent respectively in early 1982.

In some cases, policy makers write off employment problems of older workers and regard them as insignificant compared to the much larger unemployment rates of youth and minorities. This, unfortunately, doesn't take into account laid-off older workers who, due to discouragement and related reasons, simply leave the labor force and, in effect, enter "forced" retirement.

Duration of unemployment is a more critical factor in assessing the situation of different groups in the labor force. The longer a person seeking work remains unemployed, the more apt he or she is to encounter discouragement and eventually drop out of the labor force altogether. Older workers, as a group, experience longer terms of joblessness than do their younger counterparts; and, although the trend varies occasionally, it has held up over the years. In 1980, the average duration of unemployment for men ages 55 to 64 and those 65 and over was 17 and 14 weeks respectively. In 1981, the average duration for those age groups rose to 18.2 and 18.9 weeks. Women ages 55 to 64 were unemployed for an average of 13 weeks in 1980. This rose slightly to 13.6 weeks in 1981. Women ages 65 and over experienced an average duration of 14 weeks of unemployment. In an unusual variation, the duration for this group fell to 10.2 weeks in 1981.

Duration of unemployment is closely linked to the conditions of the economy and will, generally, increase for all groups during a recession. But for older workers, the problems of job search and age discrimination are very real and often lead to extended unemployment.

Discouragement is also closely linked to duration of unemployment. A discouraged worker is one who has dropped out of the labor force because he or she no longer believes a job exists or can be found. Such individuals would take a job immediately, however, if one were made available. In 1981, there were 1,118,000 workers classified as discouraged. Twenty-six percent were individuals ages 55 and over -- a proportion greater than that group's representation in the labor force as a whole. For men ages 55 to 64, 37,000 reported themselves as discouraged. Eighty-four thousand men ages 65 and over fell into the same category. Ninety-six thousand women ages 55 to 64 were classified as discouraged during the same period, along with 72,000 of their counterparts ages 65 and over.

Discouragement is not an easy matter for workers of any age, but it is especially distressing for older workers, particularly older women, who may feel that no job opportunity exists regardless of the state of the economy. Leaving the labor force may appear as the easiest solution even though a valuable worker may be lost to the economy and forced into some form of dependency for which others must pay.

II. -- Older Workers: Where They Are and Where They May Be Going

Older workers appear to be, for the most part, in a sort of limbo or never-never land. On the one hand there are recorded precedents that some employers value older workers and both hire and retain them. There are studies that document their general capabilities to remain working beyond so-called normal retirement ages. Various public surveys indicate strong support for the principle that workers should not be forced to retire because of age. On the other hand, both labor force statistics and estimates indicate that older workers are not in great demand and may not be for some time. The Nation doesn't seem to know whether it wants to keep older workers on the job or retire them.

TABLE 3. Civilian Labor Force Participation Rate by Sex and Age, 1975 and Projected to 1995

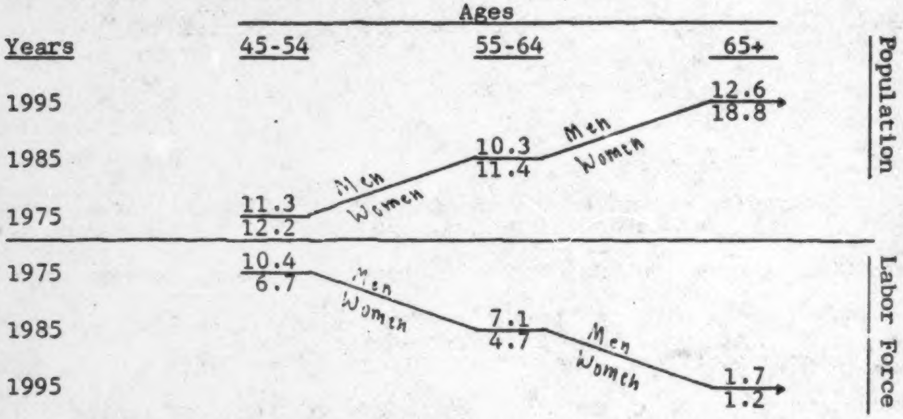
	Actual-1975		Projected			
			1985		1995	
Ages	Men	Women	Men	Women	Men	Women
16-24	78.7	46.3	76.9	69.7	76.1	77.0
25-54	94.4	55.0	94.0	71.1	93.4	78.0
55-64	75.8	41.0	69.7	41.6	66.5	42.3
65+	21.7	8.3	17.5	7.7	14.3	6.8

Source: Derived from U. S. Department of Labor, Bureau of Labor Statistics, 1980.

The labor force projections indicate that young workers, ages 16 to 24, along with "prime age" workers, ages 25 to 54, will be the mainstays of the labor force. Older workers, with the exception of women in the 55 to 64 group, will show declining participation rates. It should be recalled, however, that projections are calculated guesses taking a variety of factors, economic and otherwise, into consideration. Positive older worker policies developed by government and industry could well change these estimates.

The following chart gives another perspective on older workers and retirees. It tracks one age group over a twenty-year period and points out in a fairly dramatic manner the correlation between labor force activity and retirement.

CHART I. Movement of a Single Group Aged 45-54 in 1975 Through the Population and Through the Labor Force, Projected to 1995.



Note: All numbers rounded off in millions.

Source: Derived from U. S. Department of Labor, Bureau of Labor Statistics and U. S. Bureau of the Census (intermediate series projections).

It may seem logical to attribute the changes over time to mortality rates and traditional retirement practices. The chart, however, raises a number of other issues.

- The labor force estimates may well be informed guesses, but the population estimates are not. The ratio of roughly 30 million individuals over age 65 to three million workers in that age group by 1995 may or may not be desirable. There are costs associated with that ratio that have to be considered, along with the wisdom of policies that presume retirement for so many over ages 55 and 65.
- It is nice to think that 30 million older individuals over age 65 will be able to provide adequate support for themselves through the traditional sources of social security, pensions, and savings.

But, as the President's Commission on Pension Policy and other advisory groups on social security have pointed out, such "triple" supports for many older Americans will most likely not be the general case.

- The question has to be raised as to whether the expected sharp declines in work activity for those beyond age 55 would materialize if solid opportunity to find new employment or remain on the job were there. The point is that we may all be guilty of projecting our current retirement assumptions into the future and then, by default of imagination, consign an age group now in their early 50's to premature labor force withdrawal.

What this means, in summary, Mr. Chairman, is that both government and industry had better do some rethinking about the costs of future retirement and the management of our older worker resource.

III. -- Older Worker Programs

The Federal Government and Older Workers

For all practical purposes, the Federal government has sponsored only one older worker program -- the Senior Community Service Employment Program -- funded under Title V of the Older Americans Act. At present, the program provides part-time employment for over 54,000 workers ages 55 and over who meet certain poverty criteria established by OMB. Participants are placed, for the most part, in a variety of community service job roles. Some are placed in private sector employment, but this is not the general rule. The program seems to have two conflicting goals. The first is to transfer income to needy older persons; the second is to provide employment supports, such as training and job development, for able, older workers who need this assistance to find work. Both goals are laudable. But if the government is to make choices which will stimulate solid employment opportunity for older workers and, in the long run, enhance self-dependence for this group and reduce the prospect of an ever-growing retirement dependency ratio, then the employment and training goal needs to be emphasized.

Mr. Chairman, a small program affecting 54,000 older workers is insignificant in the face of the real employment needs for millions of older Americans who can continue to work if given the chance. This program, among many others, is facing the prospect of change -- including budget cutbacks. Regardless of funding levels finally arrived at by Congress, a new mandate emphasizing training, job development, and placement in private sector jobs must be placed upon the program.

But Congress has already placed another mandate upon a government agency -- the Department of Labor -- to stimulate older worker opportunity. Section 3(a) of the Age Discrimination in Employment Act reads, in part, as follows:

> The Secretary of Labor shall undertake studies and provide information to labor unions, management, and the general public concerning the needs and abilities of older workers, and their potentials for continued employment and contribution to the economy. In order to achieve the purposes of this Act, the Secretary of Labor shall carry on a continuing program of education and information .... (29 U.S.C. 621, et seq.)

The Senate and this Subcommittee have heard from Department of Labor officials regarding their intent to assist older workers. It is hoped that responses and efforts to educate employers on the value and capabilities of older workers have been positive. The role of government in stimulating employers to develop positive older worker programs will prove more effective in the long-run than quasi-employment programs affecting a small, though needy, segment of older workers.

The Private Sector and Older Workers

This Subcommittee and others in the Congress have heard testimony from employers who show genuine interest and concern for older workers. It is encouraging to learn about these programs. But, Mr. Chairman, make no mistake -- such programs are the exception and not the rule.

Regrettably, most employers are learning about older workers through litigation under the Age Discrimination in Employment Act. Charges of age discrimination covering all aspects of personnel actions filed with the EEOC have risen by 83 percent since 1979 and have totaled almost 10,000 during the last fiscal year. Private law suits under the Age statute are also on the increase. Although all Americans are guaranteed their rights under anti-discrimination laws, this is no way to solve the older worker problem.

- Older workers are capable. Employers need to recognize this.
- Employers have the right to expect performance and productivity from all employees. Older workers need to recognize this.

No worker is good, Mr. Chairman, because he or she is old. Workers are good because they can achieve results. All of us need to recognize this.

IV. -- Recommendations

The labor force data presented here suggest that the costs for retiring older workers according to standard procedures be weighed carefully against the costs and benefits of hiring, retaining, and developing capable and willing older participants in the labor force. No one is suggesting that workers be denied retirement choices. What is suggested is that they be offered the opposite -- continued employment opportunity. In this regard, both Congress and the private sector can take positive steps.

Congress can review existing impediments to continued employment for older workers. Among these are the earnings limitations test in current social security legislation, the mandatory retirement of age 70 under the Age Discrimination in Employment Act, along with a series of Federal regulations which impose age limitations on workers ranging from airline pilots to apprenticeship trainees. The only rule to be applied for older workers is ability and performance -- not age, of itself.

Congress can and should go the next mile. It should promote educational programs on older workers mentioned earlier. An additional role for Congress is to assure that older workers benefit in a fair and equitable manner from any employment and training effort put forward by the government. The presumption that the needs on the part of younger workers outweigh the needs of older workers simply won't do. This would be discrimination of the worst sort. Congress must see to it that all segments of the labor force -- young, middle-aged, and older workers -- benefit proportionately from all Federal efforts to train and place workers regardless of age.

The private sector would do well to begin in its own backyard. It is one thing for companies to ask Congress to "deregulate" employment regulations and quite another for firms to take a hard look at their own retirement and employment practices affecting older workers.

- Inflation and other economic pressures will influence older workers to defer retirement decisions. How will companies detect and respond to such a trend?
- Older workers, by dint of experience, gain skills that are valuable and not easily replaceable. Do companies inventory and assess the value of these older workers?
- With increasing longevity among older Americans, the costs of company pension plans will increase over the coming years. From a self-enlightened viewpoint, management should reassess its employment and retirement policies affecting older workers.
- Review of the full range of personnel policies is in order from a similar cost-related and pragmatic viewpoint. Retaining needed talent, hiring experienced workers, and applying proven talents in new areas can all pay off for a company.

These are things that the private sector can best do and should do on its own.

V. -- Conclusion

The Nation seems to be facing a "pay now -- pay later" choice regarding older workers. The easy choice is to make no change in employment and retirement policies and let future generations pick up the costs of supporting their elders who leave the labor force on schedule. That's the pay later approach.

The pay now approach really means paying attention to the needs, abilities, values, and interests of older workers. This is something that the Congress and the private sector can do together. The sooner this type of collaboration begins, the better for older workers and the rest of us.

Thank you, Mr. Chairman, I'll be pleased to answer any questions you may have.

Senator DENTON. Thank you very much, Mr. Batten. You have indicated that labor or work participation rates for older workers will most likely continue to decline until demand for their service picks up around 1990. However, on page 9 it looks like it goes down until 1995. I am just questioning why——

Mr. BATTEN. Senator, what might be happening that could change things is that there will be a gradual decrease in the youth labor force as time goes by, since the baby boom has now moved on, that baby bust, so to speak, will be following along.

Senator DENTON. Well, that is what I have been reading in magazines, and what I thought the Under Secretary of Labor was testifying from. That is why I was so interested in the difference here. But go ahead.

Mr. BATTEN. I really think that getting control of that labor force activity means, indeed, encouraging the private sector to hire, and that can only be done, I think, by not the federally funded demonstration programs so much, but rather, getting information across to the employers. I have been told by the chamber of commerce and other trade groups that industry will hire older workers when that demand rises. And when we look down ahead the years, and we see the bottoming out or the lowering of young people entering the labor market, then, I think, and only then will the demand for older workers increase. But we do not just sit around and do nothing about it. I think we can take this time and help build that demand by getting out information on the functional ability of older workers, helping them develop criteria for hiring, say, older women who have, after all, skills, such as you talked about with your mother and other people like that, who have a lot of skills, and if they can only be given a chance to plug those functional abilities into the work situation, I think that is the kind of thing we have to help employers do. And when we can show them that this pays off—we are not asking them to hire people because they are old. We are asking them to hire people because they are good. There is a lot of talent in that older labor force, and that has got to be linked in.

Senator DENTON. I totally agree with that. What, in your opinion, is an optimal balance of older workers in the labor force, compared to prime age and younger workers?

Mr. BATTEN. Well, right now, there are about 15 million older workers 55 and over, and I think that down the line, as time goes by, that at least has to go up to 20 or 25 million, because otherwise, we are going to be paying for them in some form of retirement dependency. And even though we see people living nicely in retirement, they are being paid for by a pension trust, or social security, or some other kinds of support.

Senator **Denton**. But if we do away with the income requirements of social security, which you suggested as one thing we should do—and I am informed that that is a Republican position—you are getting it and still working.

Mr. **Batten**. Right, and you are paying taxes, too.

Senator **Denton**. I'll buy that.

Mr. **Batten**. I think that is just an excellent idea.

Senator **Denton**. I'll buy that, and I do not see the mandatory retirement, I can see whole Government service, categorical groups which have not been established which could use older people, and do a job, for example, in the international field—I have worked on this all my life; it is a valid idea, and I will not bore you with it now. But we could do more to keep the peace, to establish people-to-people relations, economic arrangements, which the Soviets do—they have programs that would blow your mind. Some of our older people would be terrific in those.

Mr. **Batten**. I could not agree more, Senator. In a way, we have a discard policy. We like to say the older people have earned the reward of retirement, and then we wind up discarding them and not utilizing that fantastic talent that is out there. And I am not suggesting that we should pull people in and let the older people do menial tasks. They should work at the top of their task. And I think we are going to have a mix of leisure activity and work for individuals down the line, and they are not going to come back and sweep floors. They are going to do what they are best at doing, and that is the resource we need to plug into our economy, and that is not going to compete or block progression routes for younger workers at all. It is taking the cream of that residual strength and experience and skill and keeping it active and contributing to our economy. That is the way we should go.

Senator **Denton**. I understood you to say that women have been doing reasonably well, relative to men, but this question is, the information you presented on discouraged workers indicates that older women have special trouble in searching for and finding jobs. To what degree is that true, and what should be done to help this group?

Mr. **Batten**. Well, Senator, in 1981, there were 1,118,000 discouraged workers; 168,000 of these were women over the age of 65—and these are individuals who want to work but who have given up the search, because they feel there either are no jobs for them, or they cannot find them. What ought to be done with individuals like that—we did have a program called the displaced homemaker, which made an effort to get these women into the labor force—what has to be done is that new standards have to be developed for hiring and training them. I agree with your remarks about training, because a lot of these women have fantastic experiences; they are nurses, they are psychologists, they are budgetkeepers——

Senator **Denton**. Please go ahead, sir.

Mr. **Batten**. I think that these women do not necessarily have the special levels of education, but they have experience. And when employers—if the Labor Department could get across functional norms, booklets, ways to hire, to ascertain the skills aside from giving tests or trying to say, "There is no job here, because you do not fit into that category," but rather, look to the skill that the individual has, and then look to the work that has to be done, and then you can do some changing of the job and the work that has to be done, and fit them in. That is the best way to get these discouraged workers, especially these women who have these problems, into the labor force. And we will not do it unless we get the attention of the employers that they are out there, and they have the need. If we do not tell them, we cannot expect anything to happen.

So that is why I think the role of Congress and the role of Government is to stimulate that private sector, not regulate it—educate them, along some of the lines I heard you mention when you made your remarks to the Secretary. I think they are right on.

Senator **Denton**. Thank you, sir.

In your testimony, you stated that if older workers leave the labor force at the current retirement rates, this would prove costly to the social security system and private pension plans, as well. What practical steps can Congress take to reduce these costs and keep able, willing, older workers in the labor force? What can private industry and labor do to retain capable older workers—and incidentally, I want to say for the previous comments made about social security, I totally agree that you are going to get more revenue that way.

Go ahead.

Mr. **Batten**. I think we have a bit of a problem, because people approaching 65 who are in the labor force really are going to retire. They are conditioned to leaving the labor market. We are really looking at the future, and we are looking at people who are now in their fifties. For example, in 1995, we expect over 30 million people to be age 65 and above, and yet, we do seem to think that there will still be a small older worker labor force. If we can get to that age 55 or 52 individual now and his or her employer and say, "Listen, you have many options down the line. You do not have to go to Florida or Sun City when you suddenly hit 65." I think part-time work, phasing them into retirement, keeping them at the top of their task, buying back their services on a task level as opposed to a static part-time job. We hear a lot about flexitime and these other techniques, but they are means to an end, when we can say the end is retaining productive older workers, utilizing them as they contribute to profit and maintain their own dependence. And that goes back, I think, to educating the employers, and that is the role of government. Employers themselves have to do the same thing. They have fallen into retirement policies and practices without questioning what they do.

Many companies are offering almost the actuarial equivalent of the pension to individuals who retire at age 55 and 58. That is a nice way to buy someone out of the work force, but they are going to have to pay that individual for a long time down the line. So they have got to take a look at their current retirement policies from a cost viewpoint. And when they see that, "Gee, maybe we are getting rid of our human resources a little too quickly here, and maybe we can conserve our limited pension resources if we keep them on a little longer," this is a good, solid cost viewpoint, I think, that will get the attention of the employers. But until they look at it, until they make the investigation in their own back yard, Senator, we are just going to be looking good and doing nothing, and I think the quicker Congress and the Government agencies, such as DOL, start stimulating the employers, the better off we are going to be.

Senator DENTON. Well, I can buy "black is beautiful," and I can buy "older is better." Virginius Dabney is in his eighties, and he still plays mixed doubles out there with the best of them; this guy, LaLane, who is 64 or something like that, he does 1,000 pushups, aside from these crazy stunts like pulling boats across San Francisco harbor. Age does not have a darned thing to do with it. There will be maybe some kind of physical deterioration, but on the other hand, as I have learned in my own life, there were times there was no question that the more I was limited physically, the more I was intellectually capable, because I was forced to go that way. So I sure do not want the syndrome to develop any further out there. I think we have gone crazy with the idea that older people are not really the superior part of our population, as Senator Hayakawa began with, referring to other cultures.

Mr. BATTEN. Well, Senator, you would not want a 23-year-old working on your roof if he suffers from vertigo, and you would not want a 58-year-old who had arthritis in the knees. You want someone who is going to do the job, and the individual's age really does not have a hoot to do with it; it is the capability that speaks.

Senator DENTON. You have criticized the Government's older worker program, such as title V. What should be done with whatever budget resources we have to strengthen or change the title V program?

Mr. BATTEN. Well, I really think that the program is, by and large, an income transfer program, and its goals were confused. Some individuals have made transitions under the private sector, but as far as I am concerned, the program has been around for more than 10 years, and it has not achieved the private sector placement results it was set up partially to do. It was managed by a group of people who deal with older persons, who tend to have a social worker outlook and not an employment/job development/training outlook, and that was unfortunate. And I would rather see whatever resources are made available go to the training and job development aspect of it—and not so much training in an institution, but on-the-job training which calls on the skills. I would like to see industry get some money to run some older worker programs, as opposed to these various agencies, and I think we might see some innovations. With the cutbacks in budget, that program is going to change, unless it just dies, and I do not think that is necessarily a bad idea. I think we are going to have a new approach to older workers. We are going to have to develop a new approach. We are not going to throw bucks at the problem anymore, and we are not going to confuse an employment program, hopefully, with an income transfer program. I think that that watershed has been reached, and whatever the Congress does or whatever dollars are put aside for the older worker, I hope you keep your thumb right on the Labor Department to see that they make the maximum investment and get those people into private sector jobs with a minimum of interference or Mickey Mouse training.

Senator DENTON. Thank you very much.

We have a witness who has a travel bind, so I would ask that the panel come forth: Mr. Thacher Longstreth, president, Greater Philadelphia Chamber of Commerce—who is the individual with the travel bind, so I will ask him to make his statement first—Mr. Dan Knowles, vice president and director of personnel and administration, Grumman Aerospace Corp., Bethpage, N.Y.; Mr. Richard Clinton, director of human resource planning, Tenneco, Houston, Tex.; and Mr. Robert Petersen, secretary-treasurer of Columbia Typographical Union, past president, Greater Washington Central Labor Council.

If you gentlemen will come forward and be seated, I will ask you to restrict your opening statements to 5 or 10 minutes at most, and we will, as I mentioned, start with Mr. Longstreth. I realize, Mr. Longstreth, you have to be at a conference at noon, so I invite you to proceed with your opening statement, sir.

STATEMENT OF W. THACHER LONGSTRETH, PRESIDENT, GREATER PHILADELPHIA CHAMBER OF COMMERCE; DANIEL E. KNOWLES, VICE PRESIDENT AND DIRECTOR OF PERSONNEL AND ADMINISTRATION, GRUMMAN AEROSPACE CORP., BETHPAGE, N.Y.; ROBERT E. PETERSEN, SECRETARY-TREASURER, COLUMBIA TYPOGRAPHICAL UNION; AND RICHARD E. CLINTON, DIRECTOR, HUMAN RESOURCE PLANNING, TENNECO INC., A PANEL

Mr. LONGSTRETH. Thank you, sir.

By, I guess not altogether coincidence, I am going to be making a speech to the National Council on the Aging, so it is particularly pleasant for me to be here today, because I have some thoughts on this, based really on what we have done in Philadelphia.

My name is Thacher Longstreth, and I am president and chief executive officer of the Greater Philadelphia Chamber of Commerce. Unlike Mike Batten, my knowledge is not as enormous and as detailed as his on the national picture. Most of what I will say today really relates to Philadelphia; I know that local scene reasonably well.

I am not going to attempt to read the testimony unless you ask me to, sir, because it is there in writing, and it is somewhat detailed, and I really would rather simply condense a couple of points that I think are the major points I would like to make.

The first one is that if you make a concerted effort to develop jobs for older people in the private sector, the jobs are there. They are not there to quite the same degree right now as they were several years ago or will be several years from now because, like everything else, they reflect the state of the economy at the moment. And Philadelphia, which is a manufacturing town that has some problems at the present time—up around 9 percent unemployment and manufacturing industries that are hurting—is not as fruitful an area for employment for older people in that particular field as it might be otherwise.

But we look at it in much the same way we did—I have been president of the chamber for about 20 years, and 20 years ago, we were primarily concerned with the employment, first, of blacks, who had certainly not gotten their opportunities in the private job sector; then, more recently, with women, and now, having extended the work probability, let us say, to 70, it seems to me that there is a very definite awareness now on the part of employers, not of the morality of employing the elderly, but of really the economic desirability that I have not seen before.

Sometimes these things come as a result of government pressures, and sometimes they come from natural economic circumstances. And I think in this particular instance, some disaffection of the younger employment achievement is represented by a great many employers who have found out that going with people who are in their late fifties or early sixties who have been in their companies is a desirable thing. It is much tougher if you are talking about going outside a company. There is still substantial discrimination against hiring an elderly person. Having just hit 61 a short time ago, I now regard myself as an elderly person. I am getting a little paranoid about how people feel, although——

Senator DENTON. Let me agree with that. The older worker, for title V, I think, is 55 or over. I am 57, and I can beat all five of my boys in anything you can mention, from tennis through golf, boxing, anything else. I cannot take one of them in basketball. But I do not feel old at all, and I do not see my fellow over-55's as being old, either.

Mr. LONGSTRETH. Senator, I could take both my sons in arm-wrestling, but unfortunately, my 18-year-old grandson has just for the first time put me down. It has been a terrible, traumatic shock. It has only happened within the last several weeks. But I warn you that, sooner or later, they'll get you.

Senator DENTON. Physically, maybe. [Laughter.]

Mr. LONGSTRETH. We did one thing, Senator, in Philadelphia that I did want to touch specifically on, because I think chambers of commerce are a real resource for the effort. We have in essence a job fair, not at all an unusual thing, and we got about 20,000 dollars' worth of grants which enabled us to do this at our own expense. It was done essentially through the Mayor's Commission on the Aging, which is an agency that comes out of title V and is, I think, very well run in Philadelphia. They have a couple of dynamic public servants who run it well, and they got me interested back about the time I began to see the specter on the wall, several years ago. You get into that twilight zone, and you—start thinking, "What is going to happen to me; where am I going to go, and what am I going to do?" and you get an interest in the elderly that you did not have when you thought you were mortal. And we raised the money, and the first year we got about 25 companies. The last year, we about doubled that. We have done it 3 years now. And the format is pretty simple. We simply develop a number of companies who come to a central place. We use one of the large hotels. And they come there prepared to have job interviews. Then, we developed a cadre of people who came. Some were in the title V program. Others were simply people who got the word—we publicized it rather widely. And it followed, interestingly enough, a format that we had developed for younger people 15 years earlier, called Operation Native Talent, which was bringing the college kids in to look at job opportunities during Christmastime when they were home for vacation. The concept there was that we wanted them to look at job opportunities in the hometown, rather than where they had gone to college, which might be hundreds or even thousands of miles away. So we took that technique, which was enormously successful—successful in terms of the number of companies participating, the number of kids coming—we would get as many as 6,000 at a clip—and hundreds and even thousands of job placements—so we took that technique and applied it to the older market and followed it through, and of course, we are not dealing with anything like those numbers, and the desirability of a 67-year-old retread does not relate to that of a graduating engineer from MIT or something of that sort, but we doubled the size of it in 3 years. It is going to double again, I think, next year. The media are very interested in this now because, as you might understand, with 22 million over 65 now, and I think the figure that Mike Batten stated was somewhere in the neighborhood of 30 million by the early 1990's, there is a market for older people in terms of advertising, marketing, selling, et cetera, which I think the marketers of this country are just beginning to realize.

So, I think the impact of that marketing revolution, which is going to make advertising and selling to just the over-65's the products and services that relate specifically to them, is going to have, I think, a spillover effect on the employment of those people. When you see them as a useful market, you also see them as a useful employment force, and when you look at the figures, which show that a very much larger percentage of the American population is going to be older, it has an effect upon the employer which I see now, and it has an effect upon the media. The media are beginning to become interested in a way that simply was not true 5 years ago.

Now, it is still a drop in the bucket. They still look on most of us who are over 60 as essentially has-beens, because the media itself is an abundant user of very, very young people; it is a young man/young woman's business.

But my feeling is—and the point that I really wanted to make is—that if we are given, "we" being the nonprofit sector that are involved in business development—and I am thinking particularly of chambers of commerce, because that is where my experience is—if we are given some resources to do things of this kind as, as I say, we have done in Philadelphia on a very small scale, I think we can put a very substantial number of people to work who have been out of the work force for a while, and I think we can create a frame of mind, a frame of reference, which will keep the major companies interested in maintaining a good many of their older people in the work force, above and beyond what would be the normal time.

Those are the two major points I wanted to make.

[The prepared statement of Mr. Longstreth follows:]

TESTIMONY BY
W. THACHER LONGSTRETH
PRESIDENT
Greater Philadelphia Chamber of Commerce
Philadelphia, Pennsylvania

Before the Subcommittee on Aging, Family and Human Services
U. S. Senate Committee on Labor and Human Resources

"OPTIONS FOR OLDER WORKERS AND EXPANDING PRIVATE SECTOR OPPORTUNITIES"

APRIL 1, 1982

Mr. Chairman:

My name is W. Thacher Longstreth. I am President and Chief Executive Officer of the Greater Philadelphia Chamber of Commerce. Also, I am Chairman of the Mayor's Commission on Services to the Aging Employment Program, having served as Chairman on this Council since March, 1978.

Additionally, I am an Advisor to the National Council on the Aging, Inc., to a CETA Training Technical Assistance Project, which was awarded by the U. S. Department of Labor.

The Mayor's Commission on Services to the Aging has been a sub-contractor of Title V, Senior Community Services Employment Program, since 1972. It currently employs over 290 individuals in a variety of subsidized jobs at 95 public and private agencies in the community.

As a result of my involvement on The Advisory Council, the Commission has been actively involved in soliciting the support of local industry in successfully hiring many of its Enrollees into available jobs in the community.

The Mayor's Commission on Services to the Aging, in cooperation with our Chamber of Commerce and a local TV station, has successfully coordinated three Older Worker Job Fairs - OPERATION: EXPERIENCE PLUS - pioneered for older workers in Philadelphia, since 1979. OPERATION: EXPERIENCE PLUS is a prime example of an innovative program which offers industry an opportunity to recruit from a pool of skilled, experienced workers seeking employment.

Our local Chamber of Commerce has the responsibility to coordinate the Job Fair by recruiting industry representatives to participate. For the first three years of the Job Fair — 1979, 1980, 1981 — local industries which employ more than 150 workers have participated.

All funds to coordinate the Job Fair are raised by local foundations and industry. Over $20,000 was granted for the 1981 Job Fair.

It is important to realize, however, that the Job Fair would have not been a reality without the Senior Community Services Employment Program.

The Mayor's Commission on Services to the Aging was encouraged by one of its contractors - The National Council on the Aging, Inc. - to plan and develop innovative work models for older workers — OPERATION: EXPERIENCE PLUS is a prime example of such a model.

In addition, Enrollees who were trained by the Commission through educational resources in the community, were available as Job Fair participants. These Title V Enrollees were trained in skills required for available jobs in industry.

The Job Fair offered them an opportunity to be interviewed by an industry representative who had made the commitment to hire a skilled, experienced individual. As a result, many Enrollees, in addition to other older workers, were hired in non-subsidized employment through the Job Fair. To date, 150 individuals are employed in permanent jobs as a result of the Job Fair, 35 of whom have been Title V Enrollees.

Various corporate representatives in the Philadelphia area, such as banks, insurance companies and other financial institutions have expressed a sense of personal gratitude to me for the opportunity to take part in a Job Fair.

The Mayor's Commission on Services to the Aging, through its Title V Program, has been able to establish an employment service agency for all individuals in the community seeking employment. As a result of this service, employment opportunities have increased significantly for individuals over 55 years of age, but have decreased for Title V Enrollees since Fiscal Year 1978-1979, when the Commission placed 36% of its Enrollees into non-subsidized employment. However, the rate declined to less than 15% during subsequent periods. During the period of re-authorization of the Older Americans Act - Fiscal Year 1978-1979, there was an increase in the Commission participant level, from 75 to over 200. New individuals recruited to participate in the Title V Program were enrolled only for a short period and had received orientation training in skills required for jobs in industry. The placement rate was greater as a result of a better economic situation. The reason for the drop in the unsubsidized placement total is the emphasis which has been placed on serving the most economically disadvantaged workers over 60 years of age.

A Displaced Homemakers Program was implemented for a six months period by the Senior Community Services Employment Program, Mayor's Commission on Services to the Aging. The fourteen participants were given training at several community resources and assigned to nursing homes and hospitals. Six women were placed in unsubsidized positions at the termination of the program, and there is a good possibility the additional eight will find employment. This represents a 40% placement, and demonstrates the potential where there is a time element in the program procedure.

I would like to propose that incentives be established to increase industry involvement with the Title V Program. Currently, the Title V Program is limited to subsidizing Enrollees in public and private non-profit organizations.

Most of these agencies, as a result of cutbacks in federal funding, are unable to offer permanent employment to the Enrollees assigned or provide training and skill development comparable to industry requirements. For the Title V Program to achieve a higher unsubsidized placement rate, consideration must be given to subsidizing a certain portion of authorized enrollee positions in industry.

In addition, Title V regulations should be revised to establish specific limitations on duration of employment for Enrollees. Under the provisions, current Enrollees are assigned to subsidized positions for an indefinite period of time. Problems of complacency and dependency on the Program become evident. Alternatives to this problem — Worksite rotations and Enrollee transfers — are unrealistic an unmanageable.

I wuld like to encourage this Senate Body to endorse and vote for the continuation of the Title V Senior Community Services Employment Program.

The Reagan Administration proposal to eliminate this worthwhile program would prove counterproductive and devastating to the quality of life for many older workers in the country. The President has stated the responsibility of the private sector to initiate programs when government involvement has ceased. The private sector, however, is not able to absorb the influx of programs, nor has it expressed any interest in absorbing this kind of program.

The current program has proven to be cost effective in providing services to the community and increasing the skill and experience level of its participants.

This program is also a worthwhile resource to industry which has been dissatisfied with inexperienced and undependable individuals in its current work force, and is actively seeking to recruit skilled, experienced workers which the Senior Community Services Employment Program can offer.

Senator DENTON. Thank you, sir. I will not ask you to stay for the other testimony or the questions, but do you see the chamber, in the national interlinking of metropolitan chambers of commerce, as a very promising organizational approach? In other words, are they susceptible to persuasion resulting from the experience you have had? Do you see any real potential that a gang like that would get together and do something in a united enough way to be effective?

Mr. LONGSTRETH. Yes, sir. I attended a meeting of a dozen chamber of commerce executives from large cities in Buffalo last night, and I had an opportunity to talk a little bit, and I talked about this subject, because I was full of it with coming here, et cetera. New York, I know, is already very interested in this. I went down to a place called Monroe, La., and gave a talk to the directors down there, because one of the chamber executives down there had heard about our program and wanted to do something like that.

Yes, I think particularly if it gets some direction from Dick Lescher and the national chamber, I think there is a very real possibility of utilizing 40 or 50 of the larger chambers in a very constructive way.

I would warn that in anything of this sort, when you get into chambers of commerce today, we need some form of monetary help to set up our department to do this. I mean, I could not have done this at the chamber with the resources I presently have, and I do not think that the businessmen that really direct chamber policies are yet as convinced of this as some of us who are executives. We are hopefully a little bit ahead of them, and I think they will be coming along. But when you prioritize, with the limited funds you have, running a chamber of commerce, you look at things today like economic development and energy, frankly, particularly if you are in the Northeast, and you are losing the second Civil War, why, you are very anxious to find ways and means of doing other things, but you have that economic development pressure on your back.

So I would emphasize the fact that there would need to be some kind of a program with chambers that would at least let them know that it was not going to be an additional cost factor.

Senator DENTON. I can see that in some programs, it would be better to augment rather than pay fully and the separate bureaucracy to augment some existing organization, but when that approach is tried, it is either going to prove out, or business is going to be back to being taxed and regulated to death.

Mr. LONGSTRETH. Exactly.

Senator DENTON. So it is up to you guys to face that, and I am sure that is what you are telling the chambers. Either we are going to accept the responsibility for compassion and free enterprise together, out there in the business community and the churches and the families again. We used to take care of our mothers and grandmothers, and we do not anymore, to the extent we should. Business is either going to have to "put up or shut up" on this, and I am sure you are going to find President Reagan and the administration reasonable about such question as you just raised. But it has got to be a two-way street, as you know.

Mr. LONGSTRETH. Yes, sir.

Senator DENTON. Thank you very much, Mr. Longstreth. If you do need to depart, you are free to do so.

Mr. LONGSTRETH. No, sir. I do not need to go for about 40 minutes or so.

Senator DENTON. Fine. I am sorry. I am not trying to rush you out.

Mr. LONGSTRETH. No, sir. I would like to stay.

Senator DENTON. Our next witness is Mr. Knowles. He is the vice president of personnel and administration at Grumman Aerospace. I have a long association with your corporation and many of your people, having flown the A-6 aircraft and known Grumman people from even before that and some of the ASW aircraft that you fellows put out. My whole career, I have been associated with you. So, it is a pleasure to welcome you, Mr. Knowles, and you may proceed with your statement.

Mr. KNOWLES. Thank you very much, Senator.

I would like to support many of the statements that Mike Batten made, only he said it much nicer than I would. When I became 39, I got interested in the problems of the middle-aged and older worker, because I found myself finally getting into a group where there was at least some interest paid.

I am rather disappointed when I come down to Washington, and have come down on many occasions to testify, because I have seen what I consider to be benign neglect toward the middle-aged and older worker, not only on the part of Congress, but more specifically, with the Department of Labor, and finally, benign neglect on the part of business and industry.

It is easy to talk about one's company if you have the data to support it. I really did not come here to talk about what we are doing at Grumman. It is in my testimony. It is in that work force analysis that I have submitted. The chairman of the board of our company has made it very clear that when we built the lunar module and put a man on the Moon, that that vehicle was built by middle-aged and older workers, and not by kids—not that there is anything wrong with kids. It is that we are here today to talk about the middle-aged and older worker.

There are lots of programs that we have introduced in the company along these lines, but I would rather devote the few minutes here to talk about what I consider to be weaknesses in this attitude of benign neglect toward the middle-aged and older worker. I think we have a relatively Age Discrimination Employment Act that does not have an awful lot of teeth in it.

More importantly, it seems that the Department of Labor is more concerned about spending their money on corrective action after the fact through prosecuting discrimination cases as they have in the past, and not put any money into the preventive part of the middle-aged and older worker problems. Specifically, I would look for the Department of Labor to spend some money on putting together a how-to-do-it booklet that would be an awareness program to try and convince industry that it is good business to do business with the middle-aged and older worker. Second, the Department of Labor has done nothing to try and explode some of the myths that have grown up about the middle-aged and older worker, such as, "You can't teach old dogs new tricks," and you get a higher level of absenteeism among middle-aged and older workers, which certainly is not true.

It seems that another part of their weakness has been in trying to provide demographic information to business so that they could do a utilization analysis of their own companies. If you were to ask a company whether or not they were discriminating on the basis of age, they would rise up with righteous indignation, and say, "Of course we are not." And if you asked any company to prove it, they would be hard pressed to do it, because the data that has been promulgated by the Department of Labor has been minimal. So companies, in most cases, could not even protect themselves if attacked on whether or not they are discriminating. It seems to me that a minor investment by the Department of Labor in a publication, a how-to-do-it booklet, would go a long way toward trying to improve the lot of the middle-aged and older worker.

Even the Age Discrimination Employment Act has discriminatory provisions written right into it, in terms of involuntarily retiring key employees at age 65, rather than 70. I do not want to leave industry out, because industry also has looked upon the middle-aged and older worker with benign neglect. Most of the people that I am familiar with in business, their interest in the middle-aged and older worker consists of defending themselves against charges of discrimination. They did a wonderful job of going to do battle in the Human Rights Commission and the courts, and then it is business as usual. After they have fixed the window, it is business as usual, and not another thought given to the middle-aged and older worker.

It seems to me that the largest single segment of the U.S. work force is the middle-aged and older worker. Forty-one percent of the work force is middle aged and older. Probably, there are more discrimination charges on the basis of age today than any of the other groups. I cannot believe that the middle-aged and older worker could take second-class status in relation to other protected groups that we have under law, such as minorities, women, handicapped, and Vietnam veterans. I cannot help but feel that the middle-aged and older worker should get a fair shake, and that that is not going to come about until business and industry understand that Government is serious and means what they say. And I feel that we do need a coalition of Congress, specifically the Department of Labor, and industry, to try and voluntarily do something to assist the middle-aged and older worker.

That is all I would like to say, Senator, except for questions.

[The prepared statement of Mr. Knowles follows:]

TESTIMONY OF

Daniel E. Knowles
Vice President, Personnel and Administration
GRUMMAN AEROSPACE CORPORATION
Bethpage, New York

FOR

UNITED STATES SENATE
Labor and Human Resources Committee
Honorable Jeremiah Denton, Chairman
Subcommittee on Aging, Family and Human Resources

April 1, 1982

The Congress, Department of Labor, and industry, collectively, could be characterized as viewing the middle aged and older worker in this country with benign neglect. If one compares legislation for minorities, women, handicapped and veterans, to legislation protecting the middle aged and older worker, it is very apparent that the middle aged and older worker is viewed with considerably less concern and certainly doesn't have parity with the other groups even though older workers represent the largest segment of the work force in this country.

The Congress has provided ineffective legislation in the Age Discrimination in Employment Act (A.D.E.A.) which contains in itself discriminatory provisions, for example, the involuntary retirement of key employees at age sixty-five instead of at age seventy, the retirement age for the work force at large.

The Department of Labor has done little to advance the cause of the middle aged and older worker. They have failed in at least three major areas:

(1) In not mounting an awareness program aimed at business and industry that would explode the myths about older workers such as, "You can't teach an old dog new tricks", or that older people have a higher level of absenteeism than younger people;

(2) In not mounting an awareness program aimed at convincing industry that it is good business to do business with the

middle aged and older worker; and

(3) In not providing necessary demographic information to allow business and industry to examine their own work force against demographic norms for the country or the area in which they do business.

Business and industry, basically being pragmatic, have responded to pressures imposed by federal, state and local governments in relation to minorities, women, handicapped and veterans. Since there has been little or no pressure perceived by industry in relation to the middle aged and older worker, these workers have not been given a priority status within the world of work. The war of the middle aged and older worker has primarily been fought in the Human Rights Commission and the courts. Companies have defended themselves against legal action but once the case has been settled it is business as usual, with little or no corrective action taken to help ensure that the next charge of discrimination won't take place. Most companies in this country have probably never done a work force utilization analysis. When they have tried to discover whether their work force fits the demographics of the national work force, even on a macro level, they have been forced to make comparisons based on the limited demographic information provided by the Department of Labor.

Many gerontologists and others in the field of aging would have you believe that aging is an exceptionally complex subject. It needn't be that complex. There are many who would have you believe that industry must set up all sorts of special programs for middle aged and older workers.....that retraining older workers is a major problem. This is no more true than saying, "You ought to go into retirement if you are not part of the Pepsi generation." The truth is that relatively few special programs for older workers are needed. What is true is that nationally a program is needed to mount attention about the insidious, unconscious nature of discrimination which is taking place daily against the middle aged and older worker. What makes it even worse is that most, if not all, the discrimination towards the middle aged and older worker is perpetuated by other middle aged and older workers who are in management positions and, therefore, have the opportunity to make discriminatory decisions that affect other older and middle aged workers. Most of the people who are discrmininating in this way are not even aware that they are discriminating on the basis of age. When a typical statement of a middle aged manager is made, such as, "What we need around here is some young blood.", is not the inference made that something is wrong with older blood?

As we become a nation of better educated workers we will not be willing to do mundane, repetitive jobs that have little or no meaning to us. Many of us will rebel against working under an autocratic and, in some cases, a paternalistic system of management. Without doubt, we are headed towards a much more behavioral type of business arrangement in this country. More and more companies are trying to provide flexible programs that will allow more individual decision making to become the responsibility of the individual employee. Many of these programs will affect the middle aged and older worker specifically, while other programs will affect the total work force. Such programs as flex work hours, four day work weeks, cafeteria style or flex benefit programs, career information profile systems, social security adjustment or level income options within pension plans, early retirement incentives, phased retirement plans reducing the work week starting at age fifty-five or sixty, skills inventory systems on retired workers who can be utilzied on a temporary, on call or part time basis are but a few of the behavioral approaches affecting the middle aged and older worker. As promising and as helpful as many of these programs are, they do not get to the core of the problem. What industry, in order to be fair, can do----and that is what this whole subject is about, giving a "fair shake" to the middle aged and older worker----can only come about through an analysis by companies of their hiring practices, their upgrading and promotions, their raise programs, training programs, recreational programs and their terminations. Such an analysis, when performed within the company and measured from year to year, will help companies to understand trends that may adversely affect their middle aged and older workers. This same assessment, when done and compared to national work force figures, will help companies to understand whether or not the potential for discrimination is taking place within their organization. A company can protect itself against charges of discrimination on a macro level more easily than it can protect itself against individual acts of discrimination. Only a commitment in policy by the top management can provide for a healthy climate for the middle aged and older worker within an organization.

In summary, what is needed is a cooperative venture between government, as represented by Congress and the Department of Labor, and industry to enhance the quality of work life for the middle aged and older worker. Specifically, Congress should first of all strengthen the provisions of the Age Discrimination in Employment Act as well as other legislation as it deems suitable and provide parity for the middle aged and older worker with minorities, women, handicapped and veterans. Secondly, Congress should provide legislation to insist that the Department of Labor fulfill its commitment as provided for by the laws of our country. Thirdly, the Department of Labor must fulfill the requirements of law as it pertains to the middle aged and older worker and make "believers" out of industry that the Department of Labor cares about what happens to the middle aged and older worker. This must be done not only by prosecuting discrimination cases but, more importantly, by initiating a major educational program aimed at industry, exploding the fears and myths about the middle aged and older worker, as well as demonstrating that the middle aged work force is the backbone of business. In addition, the Department of Labor must provide demographic information for companies to do their work force utilization analysis. If nothing else, the Department of Labor should be charged with the task of a "how to do it" booklet, to be disseminated throughout all business and industry in this country. Both the Congress and Department of Labor must convince business and industry that they are serious and are concerned about this neglected segment which represents the largest single portion of the work force.

Unless the government changes its attitude of benign neglect and second class status for the middle aged and older worker, it will be naive and impractical to expect industry and business to consider the middle aged and older worker as a priority in their day-to-day business life.

If government is serious on this matter, industry will likewise be serious. The Federal Government owes it to industry to try to improve the quality of work life of the middle aged and older worker through a voluntary program of compliance. Failure to comply can only result in a mandatory affirmative action program.

Senator DENTON. Next, we will hear from Mr. Robert Petersen, secretary-treasurer, Columbia Typographical Union, and past president, Greater Washington Central Labor Council.

You look too young to know another president of a central labor council who is a very good friend of mine, Paul Askew.

Mr. PETERSEN. I know Paul well.

Senator DENTON. He is one of my best friends.

Mr. PETERSEN. Out of Norfolk, Va.

Senator DENTON. That is right.

Go ahead, Mr. Petersen.

Mr. PETERSEN. Thank you, Mr. Chairman. It is a real pleasure for me to be here before your committee.

Senator DENTON. Paul, as you know, is pushing 80, anyway, isn't he?

Mr. PETERSEN. I knew he was in his seventies, at least.

Senator DENTON. Yes, and he will never be old.

Mr. PETERSEN. I would like to have my testimony entered as it is, Mr. Chairman, in the record, but if you do not mind, I will just touch on a couple of things and then respond in any way I can to any questions you may have.

I have been secretary-treasurer of the Typographical Union for the past 13 years. In that position, I have the occasion to deal with our retirees. In our local union here in the metropolitan area of Washington, we have about 1,200 retirees. In our union, we have always fought for the right of workers to continue to work, regardless of age. And because of our feelings in that regard, we have adopted in our general laws a couple of provisions that we think are very important. Those general laws are incorporated into all of our approved contracts throughout the United States. In one of them, it states, "Age shall not be a factor in employment." Also, and I quote, "No journeyman shall be required to submit to a physical examination as a consideration of employment." I think those two are very noteworthy, because we do not think that any consideration should be given to a person maintaining his or her job other than the ability to do that job in a competent manner.

We strongly believe that the foremost goal of our union and this Nation must be full employment, and these days it is incumbent upon all of us who represent labor or business or government to work cooperatively to make sure that some of these goals we have are met.

I think business and labor have a real investment in making sure that employment opportunities are expanded, not only for older workers, but for all workers. Business and labor also have an investment in providing training opportunities for older workers. We have found, in most cases, middle-aged workers are as productive or even more productive in some cases than younger workers.

The International Typographical Union has established many policies and practices to provide training and employment opportunities for our members, and I wanted to mention a few of those this morning.

One, we have adopted a policy in opposition to compulsory retirement.

Two, we have adopted a policy that no member should be denied training or retraining opportunities because of age.

Three, we have negotiated into every contract possible a joint training committee comprised of equal numbers representing our union and management to provide on-the-job training in all phases of the graphic arts.

Four, we have established as part of our ITU industrial pension plan that any retiree may work 2 days a week at the regular scale of wages without any loss of pension benefits.

Five, we have established in 1955 an ITU Training Center where members could attend at no cost to receive training in all phases of the graphic arts.

Six, we have established the law providing any full-time employee may hire an unemployed competent member as a substitute for 1 or more days a week.

One of our major concerns is, are the workers of this Nation able and/or willing to support an adequate social security program for our older citizens. We have always fought for the right of our people to retire at an early age. We are going to continue to do that. But we are going to just as fervently fight for the rights of those workers who have no hobbies, no particular activities that they want to achieve outside of their regular employment, to continue in their regular employment and continue to make contributions to society—a meaningful one, at that, we think, in most cases—and we think that an adequate retirement income is essential to provide for a decent retirement life. And we do not think that social security does provide that adequate income. Also, if these people are given the opportunity to continue to work, they continue to pay taxes, as you mentioned previously, and they continue not to be a drain on the social security system, too. Whereas we will continue our efforts to continue the social security system and to expand it if possible, for those who want to retire, we are going to try just as hard to protect the rights of those older workers who want to continue to work, to give them that opportunity.

Many members of our local union and our international continue to work into their seventies and eighties, and in fact, until 4 years ago, our local vice president—who unfortunately died 4 years ago—

worked 5 days a week up until the week before he died. He had a heart seizure in the office, and I took him to the hospital, and he did not recover. But he insisted on that right, and he did a nice job, a commendable job, and he died at the age of 86.

Another one of our members also comes to mind—because some of these fellows taught me the trade over the years and worked with me and gave me a lot of guidance—one fellow who lived just behind our union headquarters building out on Wisconsin Avenue worked every day at the Washington Post as a printer until age 83. At the age of about 80 or 81—I do not remember exactly—he did decide to go on a 4-day workweek, and then he worked until the day he died at the trade as a printer.

We have numerous cases of that. We have many members at this time continuing their endeavors to perform a good day's work for a good day's pay. That is one of our philosophical positions. And they do it at the age of 70 or 80 or older. And management has told us invariably that these people are doing a fine job.

We would encourage you, Mr. Chairman, and your committee and this Congress to address in any way possible—now, we do not have the magic answers, those of us in our union, and we do not claim to have, but we are willing to cooperate in any way possible with this Congress, with business, and with the efforts of any groups that might have some more expertise in this area to provide meaningful employment for all workers, and especially our distinguished older workers.

Thank you, Mr. Chairman.

Senator DENTON. Thank you very much, Mr. Petersen.

[The prepared statement of Mr. Petersen follows:]

STATEMENT OF
ROBERT E. PETERSEN
Secretary-Treasurer
Columbia Typographical Union No. 101

Before The

SUBCOMMITTEE ON AGING, FAMILY AND HUMAN SERVICES
of the
SENATE LABOR AND HUMAN RESOURCES COMMITTEE

APRIL 1, 1982

Mr. Chairman, it is a great pleasure and a privilege to appear here today to offer testimony before the Subcommittee on Aging, Family and Human Services of the Senate Labor and Human Resources Committee.

I congratulate you and your committee for addressing the subject of "Options for Older Workers and Expanding Private Sector Opportunities." It is a subject in which I've had a high level of interest for many years.

I have been Secretary-Treasurer of Columbia Typographical Union No. 101 since 1969, and in that position and prior to being elected to that position, I have taken an active role in negotiating contracts providing for on the job training for middle aged and older workers. One of my duties is to process all applications for retirement, and to handle the distribution of all pension checks. In that capacity I have had the opportunity to talk with several thousands of our members on the subjects of training, employment and retirement.

Columbia Typographical Union is the Washington, D. C. local of the International Typographical Union. It also has the distinction of being the oldest union in continuous existence in the United States.

The International Typographical Union is proud of its long, fraternal and democratic history. Our union has represented workers in the graphic arts industry since the early 1800s. Since the 1860s our union has had a policy of non-discrimination because of age, sex, race, creed and religion. That policy extends from an equal opportunity to work, to equal pay for all members.

One of our general laws, which is incorporated into all of our approved contracts throughout the United States, provides that "age shall not be a factor in employment" and also, "no journeyman shall be required to submit to a physical examination as a consideration of employment."

The reason I'm mentioning these laws and policies is because our union has always taken the position that as long as a member can perform his or her job in a competent manner, other restrictive company policies are unwarranted and unnecessary. It is our opinion that age is definitely not an important consideration for continued employment.

We strongly believe that the foremost goal of our union and of this nation must always be full employment. However, we recognize that that goal has many different applications in today's working world with the tremendous economic problems, the unquenchable thirst of industry for newer technology and the significant impact of runaway business.

Business and labor have a real investment in making sure that employment opportunities are expanded not only for older workers, but for all workers. Those people who have employment are able to purchase goods and services made possible by a cooperative working relationship between labor and business.

Business and labor also have an investment in providing training opportunities for older workers. We have found in most cases middle aged and older workers are as productive or even more productive than younger workers. Therefore, it is to everybody's benefit to retrain older workers to keep them employed. There is also the consideration that working older citizens ease somewhat the strain on Social Security funds.

The Typographical Union has historically taken the position that no member should be compelled to retire at any age, but we have just as fervently worked toward a voluntary early retirement age, because of our conviction that those workers who are financially able to retire and who desire to retire at an earlier age, should have that option. However, those workers who have no hobbies or other vocations or pasttimes on which to spend their time, and who would prefer to continue to work, should have that opportunity.

Let's face it, early retirement these days even at age 62 is usually a lean, meager existence.

With business continually changing from heavy industry, heavy physical types of work to more electronically and computerized types of work, it would be in the best interest of this country and within the physical capabilities of our older workers, for business to provide training opportunities for older workers so they could continue to work.

We recognize too that in a stagnant or declining economy the retention of older workers may be detrimental to younger workers when we consider our policies of seniority. So we would certainly hope that your committee and this Congress would give the needed guidance to business to expand their American interests in order to provide more employment opportunities for all Americans.

The International Typographical Union has established many policies and practices to provide training and employment opportunities for our members. Among those are:

1. Adopted a policy in opposition to compulsory retirement.
2. Adopted a policy that no member should be denied training or retraining opportunities because of age.
3. Negotiated into every contract possible a joint training committee comprised of equal numbers representing our union and management to provide on the job training in all phases of the graphic arts.
4. Established as part of our ITU Industrial Pension Plan that any retiree may work two days a week at the regular scale of wages without any loss of pension benefits.
5. Established in 1955 an ITU Training Center where members could attend at no cost to receive training in all phases of the graphic arts.

6. Established the law providing any full time employee may hire an unemployed competent member as a substitute for one or more days a week.

So, while most of our society, including our union, has for many years and perhaps from long before there were pension plans, dreamed of a long, happy retirement, the fact is that very few ever realize their dream. The economic times of today make that dream even more evasive.

Our position in regard to this vital subject has been greatly condensed in consideration to time constraints. However, my union and all of labor stands ready to support and participate in any program which would provide fair and equitable employment opportunities for all workers, including our distinguished older citizens.

Senator DENTON. Next, we will hear from Mr. Richard Clinton, director of human resource planning, Tenneco, at Houston, Tex.

Welcome, Mr. Clinton.

Mr. CLINTON. Thank you.

Mr. Chairman, I will also this morning highlight only the more complete statement I submitted for the hearing in advance.

I would like first to comment on some of the policies and programs that Tenneco has and is considering and identify some of the key problem areas and future changes we think our company and industry in general will have to deal with as we adapt to our aging work force.

My company is one of a growing number of America's corporations that have become increasingly cognizant of the importance that the planning for and development of human resources will play in our competitive future. Implied in this is the focus on recruiting, developing, and utilizing talent without regard to race, sex, or age.

Earlier this year, we introduced a program for enhanced strategic planning within our employee relations function. Through this process, our operating companies, as a part of the development of their business plans, will be evaluating all personnel practices and human resource programs to assess their adequacy for meeting our future employee needs—for example, hiring, retraining, job redesign, part-time employment, flexitime arrangements, and so forth. In short, in a climate of accelerating change and increasingly complex business conditions, we are asking our employee relations and business planners to look creatively for ways to achieve the most effective use of our total human resources.

According to the 1950 survey conducted by the Work in America Institute, about 90 percent of the 55- to 64-year-old working men planned to retire before age 65. However, a 1978 survey of men in that same age group show the proportion planning on early retirement had fallen to 75 percent. This and other input suggest that business and industry can anticipate that our older employees will be staying on beyond age 65 in increasing, if not dramatic, numbers, whether as a matter of economic necessity or personal choice.

While extended employment is a desirable goal from the Government's point of view, it does present problems as well as opportunities for employers. The significant increase in the 25 to 44 age group of the work force will most likely result in greater competition for fewer job openings at middle and higher management levels. A large number of capable men and women will find their career path blocked by, and may become resentful of, incumbents who are only slightly—5 to 10 years—older than they are.

The potential for morale, performance, and productivity problems, therefore, is considerable. Business and industry will, therefore, need to concern itself with traditional concepts of career growth. The notion and nature of careers may indeed have to change or be changed. Getting ahead may not always necessarily mean moving forward and upward.

The changing demographics cited earlier and surveys of employee attitudes also suggest that we can continue to experience changes in personal lifestyles that will require a rethinking of our benefits programs. These surveys of emerging attitudes and values indicate a greater desire for self-fulfillment, flexibility in choice of options, variety, and diversity, while perhaps more characteristic of our younger generation, we are beginning to find these same values being embraced more and more by older workers as well. These sometimes conflicting, sometimes comparable interests are complex, but through a cooperative effort on the part of government, management, unions, and employees themselves, they can be resolved.

As noted earlier, we do not expect the rate of early or age 65 retirement to decrease dramatically over the next few years. During this period, we hope to learn more about our older workers' feelings on the retirement issue. Older workers may want to stay on the job longer, but perhaps not full time. A period of retirement from required employment is still an expectation for most people—not necessarily from work altogether, but at least from work as it has been required for most of one's years in active, full-time employment. These next few years will allow us time for more dialogue with older workers on retirement and work aspirations. This, coupled with a better awareness of our longer term human resource needs, could lead to modifications in our post-retirement employment policy and practices.

Regarding the evaluation of productivity and reliability of older workers, we have not made a particular study of this in our company. However, our personal experience tells us that age alone is not a good criteria for productivity, performance, training, and retraining or hiring or any other placement decisions. Evidence abounds that given reasonably good health and interest and motivation, people can work productively to ages well into their seventies. A lot can be done to prolong this through what have become known as preventive health or "wellness" programs. Tenneco has initiated such a program for employees in its Houston locations, and hopes to see it expanded in some form throughout our entire organization.

There is some point, of course, at which each person becomes either physically or psychologically unable to perform at a level at which he or she—and management—has been accustomed, and some accommodation and/or eventually termination is required. There is evidence, however, that suggests that the problem of productivity of the older worker is more a perception than a reality. Nevertheless, it is the perception on which individual employment decisions may and no doubt have been made. Even worse, the older worker who senses this perception may begin to believe it. This suggests that a program of broad-based education in the aging process, directed toward both management and employees, and continued research in the implications of this process would be highly beneficial, and would help change current unfavorable attitudes that are the result of ignorance and misunderstanding.

If we are to approach, let alone achieve, the goal of an age irrelevant society, Government should resist the temptation to develop age-specific policies and programs which may tend to separate people with problems and needs from the broad societal structure that is already in place to help them—for example, family, neighborhood, and employers.

People do change, both physically and mentally, throughout the aging process, but not predictably or uniformly so. Thus, any legislation that would even suggest that it were otherwise tends to view older workers as a segregated group warranting unreasonable and even unnecessary bureaucratic intervention. Private initiative, if given a chance and the incentive, can probably do more to foster creative support programs than anything we have experienced in recent memory.

There is, however, one significant provision contained in the current Age Discrimination and Employment Act that merits retention. I refer specifically to the executive exemption that at least permits a company the option of creating executive turnover at the top of an organization that, because of high salaries and more restricted organizational flexibility, can at times most realistically be handled through employment terminations.

As noted earlier, there have been a number of opinion and attitude surveys that indicate that a significant number of employed persons, variously reported at 45 to 85 percent, want and expect to do some kind of useful work in their so-called retirement years. The best way that the Congress can encourage this is not through additional new legislation, but through removing impediments in existing legislation.

In closing these remarks, I would like to summarize my views on the more talked about prospective legislation.

Elimination of any age provision for mandatory retirement—currently age 70—would appear to have little or no consequence in encouraging extended employment. Since, however, it does have some value for purpose of benefit and human resource planning, we recommend that no change be made at this time.

Liberalized, if not complete removal of all earnings limits for people eligible to receive social security would reduce or eliminate the negative impact on earnings for people who would prefer to work.

A further strong inducement to extended employment would be improvements in the level of social security benefits that would accrue to employees who could and were able to defer retirement past age 65. The social security and general income tax revenues that would be realized from increased earned income could be considerable, along with the general economic benefits of increased purchasing power.

A desirable change in the present Employee Retirement Income Security Act would permit employees who are bona fide retirees from a company to enter into a subsequent part-time or even temporary full-time employment relationship with their former employer without being subjected to the ERISA credited years service restrictions.

My last point, medical costs for an older work force will continue to be an important concern. This concern would be eased if Government policy continues to permit medicare and medicaid to remain primary payors of medical costs for persons eligible for these benefits. To do otherwise would place too great a financial burden on, and virtually eliminate the prospects for employment by, many businesses that might otherwise hire these people.

Thank you.

[The prepared statement of Mr. Clinton follows:]

STATEMENT

OF

RICHARD E. CLINTON

DIRECTOR, HUMAN RESOURCE PLANNING

TENNECO INC.

BEFORE THE

SENATE SUBCOMMITTEE ON

AGING, FAMILY AND HUMAN SERVICES

CHAIRMAN

THE HONORABLE JEREMIAH DENTON

APRIL 1, 1982

Mr. Chairman and Members of the Subcommittee --

I am Richard Clinton, Director, Human Resource Planning for Tenneco Inc. As you know, we are a large, diversified corporation, headquartered in Houston, Texas. By inviting us to testify here today, your committee is demonstrating its awareness of the importance for more and better direct communication between the federal government and the private sector, as we strive together to solve our country's problems, meet the needs of its people, and enhance and realize its tremendous opportunities. I come before you today as but one representative of the private sector -- i.e. business and industry -- and my testimony is based on over twenty-five years in that sector.

I am pleased for the opportunity to address this Subcommittee on the subject of "Options for Older Workers and Expanding Private Sector Opportunities," and will direct my remarks principally to the older worker in the employment relationship.

I will not go into great length about America's changing demographic profile, but by way of introduction, a few points are worth noting for they are particularly relevant to some of the comments I will make later on. Looking broadly at our population, the decade of the eighties and beyond will be characterized by a maturing population with a shift from the young to middle-age, but not yet old; and a growing, better educated, and more experienced workforce.

The 25-44 age group in our national labor force is expected to increase a full one-third in this decade, (and nearly 50% if compared back to 1975) and will constitute more than one half of total U.S. Employment. During this period, the 45-55 age group from which top management is customarily drawn, will decrease. While our senior executive talent will be in shorter supply, younger less experienced managers with career aspirations for moves into middle management responsibility will be more plentiful by a ratio of almost 2 to 1. As this bulge moves through, it will cause the age group of 55 and above to grow at a rate twice that of the overall population, and represents a considerable resource to be utilized.

In 1900, near the time when age 65 was first identified (in Europe) with legislated retirement plans, only 4% of our population was 65 or older. Today, the over-65 age group constitutes approximately 11% of the population, and is expected to grow by 28 percent between now and the year 2000. By 2025, when the baby boom generation of the 1950's reaches age 65 and over, they will reportedly represent 18% of the then U.S. population. This changing age structure in the U.S. will cause the status of our older citizens to become even more of a major issue than it is today. It is quite obvious that business and industry will, in the future, have to learn to manage large numbers of older, more experienced and mature people who will potentially make up a substantial part of their workforce.

With these data as background, I would like to comment on some of the policies and programs that Tenneco has and is considering, and identify some of the key problem areas and future changes we think our company and industry in general will have to deal with as we adapt to our aging workforce.

My company is one of a growing number of America's corporations that have become increasingly cognizant of the importance that the planning for, and development of human resources will play in our competitive future. Implied in this is the focus on recruiting, developing, and utilizing talent without regard to race, sex or age; and we have taken steps to design and implement action programs that are relevant and appropriate for Tenneco's particular businesses and organization. Earlier this year we introduced a program for enhanced strategic planning within our Employee Relations function. Through this process, our operating companies as a part of the development of their business plans, will be evaluating all personnel practices and human resource programs to assess their adequacy for meeting our future employee needs--e.g. hiring, retraining, job redesign, part-time employment, flex-time arrangements, etc. In short, in a climate of accelerating change and increasingly complex business conditions, we are asking our Employee Relations and Business Planners to look creatively for ways to achieve the most effective use of our total human resources.

According to a 1950 survey conducted by the Work in America Institute, about 90 percent of 55-to-64 year-old working men planned to retire before age 65. The majority of salaried employee retirement plans in industry today were designed and implemented during an era when to remain competitve required liberalizing early retirement incentives, and many unions negotiated age and service formula-based retirement plans that provided for early retirement at full benefits. However, a 1978 survey of men in the same age group showed the proportion planning on early retirement had fallen to 75 percent. Comparable data is not available for women, but we have no reason to expect a significantly different pattern. This, and other input suggest that business and industry can anticipate that our older employees will be staying on beyond age 65 in increasing if not dramatic numbers, whether as a matter of economic necessity or personal choice.

The significant increase in the 25-44 age group of the workforce, noted earlier, will most likely result in greater competition for fewer job openings at middle and higher management levels. A large number of capable men and women will find their career path blocked by, and may become resentful of, incumbents who are only slightly (5-10 years) older than they are. The squeeze will be tighter as the past trend toward early retirement is reversed, and significant numbers of people over age 65 work longer--which high inflation, a later or no mandatory retirement age, improved health and a personal desire to remain somehow employed may cause them to do. While extended employment is a desirable goal from the government's point of view, it does present problems as well as opportunities for employers.

The potential for morale, performance, and productivity problems, therefore, is considerable. Business and industry will, therefore, need to concern itself with traditional concepts of career growth. If the competition is as great as some people believe, we may well need to find more creative ways to deal with the career intentions of employees at all age levels (e.g., more job rotation, more job-related training programs, inside and out-company educational opportunities, sabbaticals, etc.). Concepts about the notion and nature of careers may indeed have to change or be changed. Getting ahead may not always necessarily mean moving forward and upward.

What various commentators on the future seem to be telling us is that the 1980's and beyond will be a time of increased tension and potential conflict among the various groups in the labor force, and that the work place will be an arena where better educated young people entering the labor pool, those in mid-career, and older workers will need to resolve radically different perspectives of their world -- i.e., jobs, work style, and job security.

The demographics cited earlier also suggest that we can continue to experience changes in personal life styles that will require a rethinking of our benefits programs. For the most part, benefits have been designed to fit the needs of a bread-winner-dependent spouse family. Family patterns, however, are changing as evidenced by:

- More households headed by single people at all ages. By 1990, these may well account for nearly 45 percent of the total.
- Currently some 49 percent of households headed by married couples have both husband and wife working.
- The drop in the birth rate, if not reversed as some forecasters expect, will have increasing numbers of married couples without children, or at least smaller families.

Surveys of employees are also reflecting changing attitudes towards work and leisure. These surveys of emerging attitudes and values indicate a greater desire for self-fulfillment, flexibility in choice of options, variety, and diversity. While perhaps more characteristic of our younger generations, we are beginning to find these same values being embraced more and more by older workers as well. Thus, it need be appreciated by all parties concerned with the interests of older workers, that their special needs comprise only a part of the dynamics of the employment process. These sometimes conflicting, sometimes comparable interests are complex, but through a cooperative effort on the part of government, management, unions and employees themselves they can be resolved.

As noted earlier, we do not expect the rate of early or age 65 retirements to decrease dramatically over the next few years. During this period we hope to learn more about our older workers' feelings on the retirement issue. Older workers may want to stay on the job longer, but perhaps not full-time. A period of retirement from required employment is still an expectation for most people--not necessarily from work altogether, but at least from work as it has been required for most of one's years in active, full-time employment. We may want, even need to reassess the skills and experiences of older workers and seek to utilize their talents in new ways. However, except in areas of skill shortages, most companies have historically felt that because of the career progression competition cited earlier, it is generally not in a company's interest to encourage full-time employment beyond age 65. We are however, open to temporary full-time, and perhaps in some cases permanent part-time employment--and in several of our divisional companies we have utilized and even encourage this. These next few years will allow us time for more dialogue with older workers on retirement and work aspirations. This, coupled with a better awareness of our longer-term human resource needs, could lead to modifications in our post-retirement employment policy and practices.

One of the more urgent challenges to today's corporate personnel planners is to recommend policies and programs which meaningfully reflect these changing expectations of employees. It is certainly no exaggeration to say that the changes in the needs and expectations of older workers will be among the most profound of any employee group, and they represent a blend of opportunities and special concerns for employers.

Regarding the evaluation of the productivity and reliability of older workers, we have not made a particular study of this in our company. Our personal experience, however, tells us that age alone is not a good criteria for productivity, performance, training and re-training, or hiring and placement decisions. Evidence abounds that given reasonably good health and interest and motivation, people can work productively to ages well into their seventies. A lot can be done to prolong this through what have become known as preventative health or "wellness" programs. Tenneco has initiated such a program for employees in its Houston locations, and hopes to see it expanded in some form throughout our entire organization.

There is some point, of course, at which each person becomes either physically or psychologically unable to peform at a level at which he or she--and management--has been accustomed, and some accommodation and/or eventually termination is required. There is evidence, however, that suggests that the problem of productivity of the older worker is more a perception than a reality. Never-the-less, it is the perception on which individual employment decisions may and no doubt have been made. Even worse, the older worker who senses this perception may begin to believe it. This suggests that a program of broad-based education in the aging process, directed towards both management and employees, and continued research in the implications of this process would be highly beneficial, and would help change current unfavorable attitudes that are the result of ignorance and misunderstanding.

If we are to approach, let alone achieve, the goal of an age irrelevant society, government should resist the temptation to develop age-specific policies and programs which may tend to separate people with problems and needs from the broad societal structure that is already in place to help them--e.g. family, neighborhood, and employers. People do change, both physically and mentally, throughout the aging process, but not predictably nor uniformly so. Thus any legislation that would even suggest that it were otherwise tends to view older workers as a segregated group warranting unreasonable and even unnecessary bureaucratic intervention. Private initiative, if given a chance and the incentive, can probably do more to foster creative support programs than anything we have experienced in recent memory.

While the classification of America's youth is generally viewed as age 18 and under, there is probably less agreement on what constitutes the "older" worker. While the aging process and even our own mortality cannot be denied, research into the biology and psychology of aging seems to suggest that we would be better served as a nation and as a society if more of the decisions we make about ourselves, or on behalf of others, focused on probable life expectancy (i.e. nearness to death) rather than distance from birth. With the increased recognition that aging and changes in performance capability is so individual a matter, there is, except for benefit and employment planning purposes, little reason for setting mandatory retirement at any age. However, any steps taken at this time to eliminate the age 70 cap on permissible mandatory retirement would be more symbolic than of any practical consequence. In our experience, those of our salaried employees who continue to work beyond age 65 account for less than one half of one percent of our salaried workforce, and tend to retire within the subsequent one to two years. These data seem to tell us that present retirement patterns are the result of plans, or at least attitudes, that were formed many years earlier, and would not be materially affected by any further change in the mandatory retirement age.

There is, however, an even more significant provision contained in the current Age Discrimination in Employment Act (ADEA) that merits retention. I refer specifically to the executive exemption that at least permits a company the option of creating executive turnover at the top of an organization that, because of high salaries and more restricted organizational flexibility, can at times most realistically be handled through employment terminations.

[illegible]

There have been a number of opinion and attitude surveys that indicate that a significant number of employed persons (variously reported at 45% to 85%) want and expect to do some kind of useful work in their so-called retirement years. The best way that the Congress can encourage this is not through additional new legislation, but through removing impediments in existing legislation. In closing, I would like to summarize my views on the more talked about prospective legislation.

- Elimination of any age provision for mandatory retirement (currently age 70) would appear to have little or no consequence in encouraging extended employment. Since, however, it does have some value for purposes of benefit and human resource planning, we recommend that no change be made at this time.

- Liberalized, if not complete removal of all earnings limits for people eligible to received Social Security would reduce or eliminate the negative impact on earnings for people who would prefer to work.

- A further strong inducement to extended employment would be improvements in the level of Social Security benefits that would accrue to employees who could and were able to defer retirement past age 65. The Social Security and general income tax revenues that would be realized from increased earned income could be considerable, along with the general economic benefits of increased purchasing power.

- A desirable change in the present Employee Retirement Income Security Act (ERISA) would permit employees who are bonafide retirees from a company to enter into a subsequent part-time or even temporary full-time employment relationship with their former employer without being subjected to the ERISA credited years service restrictions.

- Medical costs for an older workforce will continue to be an important concern. This concern would be eased if government policy continues to permit Medicare and Medicaid to remain primary payors of medical costs for persons eligible for these benefits. To do otherwise would place too great a financial burden on, and virtually eliminate the prospects for employment by, many businesses that might otherwise hire these people.

Senator DENTON. I will ask any one of you to volunteer answers to these as you so will.

Why do you believe some companies and unions have chosen to adopt flexible work modes for older workers and changed pensions and retirement policies while most have not? Perhaps our last panelist may have answered that question in some of the suggestions he made. Does anyone else care to comment on that?

Mr. KNOWLES. I will take a try at it, Senator. I think that some companies have recognized that older techniques of dealing with workers in general have had to change. I think where companies have gone into some more enlightened policies or practices or benefits, even, have been companies that have looked at the worker in a more behavioral way, in other words, trying to allow more decision-making on the part of the employee as it affects his life. I think we are certainly heading toward dealing with people in a more behavioral way, and this is going to account for a lot of new policies, a lot of new benefits and ways of handling people.

Mr. PETERSEN. Senator, if I may give you an example of this, several years ago in dealing with the Washington newspapers—at that time, we had a few more newspapers than we have today—but we were dealing with management at the "Washington Daily News," the "Washington Star," and the "Washington Post." They all had a policy that they would not hire any one that had retired as a substitute—as I mentioned earlier, retired people can work 2 days a week without any loss of benefits and so forth—but they had a company policy that they would not hire retirees to do the work. The point I am making is that it took us a long educational process to get those businesses to change their attitudes, and only when we demonstrated with the performance on the job that these older workers still had the ability to not only do a minimal standard job but do an excellent job on the everyday work force, they all changed their policies, and therefore started hiring even the people who had retired from their own company, a person who had worked for the company 30 or 40 years and had extensive expertise in doing that particular job. They found that they still had the ability to do that job even though they had passed the retirement age.

So I think a lot of it is incumbent on us to educate the business and other people to that attitude, that the older workers do not lose their abilities just because they reach retirement age.

Mr. **Longstreth**. Senator, I think this would tie in, although it strays a little from your question. I think that employers are probably going to have to differentiate in their evaluation of the older worker between those persons who really have to work in order to supplement their income in order to have enough to live. I think that is one group that we look at. I do not know what the numbers are of the total number, but I think it is a totally different socioeconomic question than the other, which deals with people of larger means, who are essentially looking for something to be useful in, to be a useful part of society. I think that the pressure there is substantial. We all want to continue to be a useful part of society, and the desire for a second career and the availability of a second career in the marvelously varied world of tomorrow is probably infinitely greater than it was when four out of every five jobs were in manufacturing.

But I think that in any kind of Government evaluation of what do do, there ought to be somewhere a line between those who have to work to survive and those whose work is primarily an extension of their life interest.

Senator **Denton**. In other words, the lower income or the more needy should be emphasized.

Mr. **Longstreth**. Yes, sir; I think there really is nothing more pathetic than a person who is older and living on $70 per month or something. We all have them in our cities—large numbers of people, often recluses, in many instances, not even identified, but people who no longer have the ability to stay alive without—and yet, there a number of them who can work and would work, if given the opportunity.

Senator **Denton**. We had in our opening statement words to the effect that the present pension policies, social security policies, and the ways our business institutions are organized encourage, persuade or coerce people into leaving the work force before it is necessary that they do so. In all fairness, I guess you would have to say that those policies also tend to enable people to leave the work force if they so desire.

So I want to be realistic and compassionate, and as you said, we have got to take care of the needy among the elderly first. If I get to be 70, by the grace of God, and have a lot of energy left, and I am retired, and I want to extend my egotistical participation in the world by accomplishment, I can make up something to do on my own—not that business should not provide that if they can, but there is a distinction I agree that is useful to be made. That is someone who has enough money that they do not need to do that within business and one who does not have enough money and does need to do it within business and needs some kind of a salary for it. In other words, I could choose to grow a particular variety of camelia, which is what my father-in-law decided to do. What I would do is figure out another way to make a bass get out of the water to get at the plug. I could be perfectly happy doing that every day, believe me, and making my own plug. That, to me, would be a big deal. Maybe I would sell them.

But I think we must be realistic. We cannot just talk in these hypocritical terms all the time, no matter which group we are talking about—mine, military, Government, or whatever. We have got to be honest with one another.

Mr. LONGSTRETH. Well, Senator, Philadelphia is a big Navy town, and I have seen a really very substantial number of people at all levels of the naval establishment retire and stay in Philadelphia. As is the case nowadays, most of it is relatively early retirement. I mean, there are very few military personnel staying on to 65. It has been very, very interesting to watch their preparation for the further career, their job search, which very often begins well in advance of the actual retirement, and then the very considerable success which most of them have enjoyed in our particular area, going into second careers—in many instances, second careers which they will begin in their middle forties—they are not really in the advanced stage yet of age. And I would think that some of the techniques that have been developed in the military service, where this probably happens earlier and somewhat more effectively than private industry, ought to be studied and extended to the private sector. I think this is one section where Government is ahead, or at least, that segment of the Government is ahead.

Senator DENTON. Would you care to comment further on the present pension policy? I was struck by the distinction Mr. Clinton made between planning more on the basis of the years left until death, implying that there is some productivity, to say the least, in that increment of time, rather than in the measurement of time since one's birth. I would imagine that we would have to consider the difference in life expectancies of the sexes and that gets very complex, because I am told that although my wife will expect to outlive me by 7 or 10 or 12 years, or something like that—and she has worked harder than I have, God knows—but by virtue of the kinds of stresses, I guess, my heart or my something-or-other is probably going to go first. On the other hand, the women who are now finding themselves in this new society—you can call it the liberated women, or you can call it the new morality—by which the families are breaking up, and these women are thrown out there on their own to such great degree, and then having to work hard, they, I am told, are not going to have any longer life expectancy than their male peers of their time. So it is very complex.

But what can you say about the pros and cons of present pension policies?

Mr. **Clinton.** I think the practices and experiences that we are seeing, certainly in industry, people retiring either early or at age 65, are based on attitudes that probably were fixed when they entered the work force, and certainly have begun to mature over the last 10, 15, 20 years. They have been conditioned to the target for 65 by the age 65 requirement for social security. They have been more conditioned by the competitive pressures that have resulted in most of the current industry retirement plans providing special emphasis for age 62 retirement with no reduction in benefits at that age, and the union plans further encourage that with their age and service formulas, 30 and out, type practices, which were geared to provide that opportunity for early retirement for people who would choose to do so with no economic consequences as far as their retirement plans are concerned.

But as we are experiencing better health, and we are seeing that certainly in our experience with the health programs in Tenneco, that people will be productive and, in fact, are productive for many more years than what current planning, which was established 15, 20, 30 years, ago was designed to reflect and respect.

Mr. **Knowles.** Senator, if I could add to that, I see retirement going in two directions at the same time. We are seeing people wanting to retire earlier and earlier and other people wanting to retire later and later. That is what I meant by getting into a more behavioral approach in dealing with people. I think in a country like this, we ought to be able to have those options for people in general.

I think there is something else needed in this area. I do not think that social security and private pension plans are enough. People are going to have to understand that they have some responsibility for their own lives in terms of saving for their retirement years.

Senator **Denton.** Well, that is what those things were originally meant to provide, an augmentation to a personal, private plan. Now it is being more and more perceived and more and more presented by demagogs as having another purpose. I do not pretend that we are not all human, but what I am saying is we have got to realize that we have been digging into the pot unrealistically. You cannot spend more than you have. We perceive our principal problem as being economic. That was the No. 1 issue in the election, and it will be the No. 1 issue in the next. We are perceiving it at a time when never in the history of the world has there been a more wealthy nation, people with a higher standard of living, with the flaws that we have in terms of pockets of poverty, with that wealth and income better distributed in terms of equitability than any other country in the history of the world, and we perceive our principal problem as economic. To me, that is insanity, because I was out of here for 7 years and 7 months. I think it is crazy. I think we have lost our bearings, we have lost our self-identification; the principles by which these problems are being caused are not even being addressed; they are not even identified, the problems dealing with the fact that we are not responsible any more. We are not rearing our children any more. We do not consider that a noble task. It is much more noble to go out and be a Ph. D. or a lawyer or a doctor, if you are a woman; that is, by the presentation of today's mores. I think if we do not have enough responsible wives and mothers, we are not going to have any civilization, and we are approaching that point—not because women are bad, but because that is what society is presenting them with as criteria for self-judgment, the same as the elderly are being presented with the perception that they should be put on a raft or an iceflow and shoved out into the water, the way the Eskimos do. We are just losing our respect for humanity. We are losing respect for the principles on which this country was founded. That is another part of my "nutty" aspect. I believe those things. I do not think they are irrelevant to this hearing.

May I ask—I was presented these ideas. Matching funds to business to hold several regional conferences for the purpose of educating their colleagues about older worker needs—that general kind of idea, Mr. Longstreth mentioned that if the Chambers, for example, were responsible for some kind of program, which gets into the second idea—funding an organization that would provide technical assistance and encouragement to companies to implement more flexible older worker policies. Do you have any thoughts about that kind of thing, as far as Government participation is concerned, with business and unions?

Mr. KNOWLES. Well, that is one of the points I have been trying to make. I saw a representative from the Department of Labor in 1967, when the Age Discrimination Employment Act was passed, and have not seen one since, other than to come in and investigate discrimination charges. Now, it was my understanding that the Department of Labor was supposed to be responsible for promulgating the Age Discrimination Employment Act. I do not think they have done the job, Senator, and I have been saying it every time I have come down here. I am not talking about a massive program. I am talking about an investment of a few hundred thousand dollars to do something in educating industry and business on why it is good business to do business with the middle-aged and older worker. I am not asking for the moon.

Senator DENTON. You are not asking for regulations, either.

Mr. LONGSTRETH. No; I am not asking for regulations, but if we do not do this on a voluntary basis, then industry has no one to blame but themselves if this whole thing ends up in another affirmative action program. But I think industry deserves to do it on a voluntary basis with the assistance of Washington that has not been there.

Senator DENTON. We had an idea, too, about a strategy session with the Department of Labor, labor unions, and the Congress, to develop a plan for furthering aims we are discussing at our hearing today. All of these sound like sort of "Blue Ribbon Panel" ideas. We already have the private sector task force.

I believe we are all getting more sane. Free enterprise ran away with its freedom in the late 19th century and the early 20th century, and we had revolutions around the world because of exploitation by employment. We managed to escape it, but we went through the debacle on Wall Street, we went through the need for the kinds of reforms that arose—and I am not saying everything he did was right, but Ronald Reagan was for them. I was for them, even as a kid. My grandfather told me he was a devil, but I could see that some of those things were needed. Now I think the things that Ronald Reagan is trying to do are needed in the opposite direction, in this balance on compassion as defined by our populace, and free enterprise. I believe labor is getting more realistic about that. We have all filled our plates too high, and we have got to get realistic, or we are going to go down the drain. What do you have to say there, Mr. Petersen?

Mr. **Petersen**. We are realistic, Senator, but we cannot agree with all the policies of the Reagan administration, of course.

Senator **Denton**. Well, I hope we are coming closer together, because we were sure going broke the way we were going. We at least have to spend within our means. It was not entirely your fault, but it may have been a contribution on the part of labor to be a little bit too successful in pressing demands. We also had other disadvantages, such as the noncompetitive depreciation position we had with foreign governments, with the fact that we have an earlier, older, and more antiquated industrial base in terms of when it was developed. I tended to sometimes place disproportionate blame on labor's demands on business, but I think we all bear a share of the blame of instant self-gratification, taking over from a longer range perception of what our self-interest is.

Well, thank you very much, gentlemen, and thank you, those ladies and gentlemen who have perservered through this hearing. Good morning to you.

[The following material was received for the record:]

Statement By

National Caucus and Center on Black Aged

Before the

Subcommittee on Aging, Family, and Human Services

of the

Senate Labor and Human Resources Committee

Options for Older Workers: Expanding Private Sector Opportunities

April 1, 1982

Washington, D. C.

Mr. Chairman and Members of the Subcommittee on Aging, Family, and Human Services, the National Caucus and Center on Black Aged welcomes the opportunity to testify at your hearing on "Options for Older Workers: Expanding Private Sector Opportunities."

At the outset, we urge the Subcommittee to support continuation of the Title V Senior Community Service Employment Program (SCSEP). We are opposed to the Administration's proposal to terminate funding for Title V this coming October. This will cause about 54,200 low-income persons 55 or older to lose their jobs.

We do not consider the Administration's proposed training program for special target groups--including older workers, offenders, migrants, Indians, displaced homemakers, and others--an adequate replacement for Title V. It does not provide community service jobs to enable low-income older persons to earn badly needed wages to pay for groceries, fuel, medical care, housing, and other everyday necessities. It offers limited training without training allowances or wages. The proposed $200 million authorized funding level would be substantially below recent appropriations for all the target groups to be served under Title II-B of the Administration's draft 1982 Training Act. Title V alone is funded at $277.1 million for the current program year.

The harsh reality is that the proposed new training program for special target groups cannot, under any circumstances, be considered a suitable replacement for Title V. NCBA believes that winning combinations--whether in sports, government, the private sector, or elsewhere--should be retained, and not replaced by flawed substitutes.

Other witnesses today have already made an eloquent and persuasive case about the cost-effectiveness of the SCSEP. NCBA concurs fully with these remarks. We also agree that Title V has been a success by any test. It's administrative costs have been low. This enables more older persons to participate in the program--above and beyond the authorized slot level. We further agree that the need for Title V is perhaps more critical now than at any time in its history because of the depressed state of our economy. The unemployment rate is close to the highest level since 1941. If the rate climbs above 9 percent--and many experts project that it will--this will be the highest level in 41 years.

All of these points are well taken and valid. They should influence your judgment concerning whether Title V should be continued.

NCBA, however, wants to add another dimension to the testimony you have already received--the importance of the SCSEP for low-income older Blacks. As the only national organization concerned exclusively with the needs of older

Blacks, we are deeply concerned that the proposed termination of Title V would have more adverse fallout for Blacks 55 or older than other older Americans.

We all know that older persons have been on an economic treadmill the past couple of years, and they are losing the race. Poverty has increased by about 800,000 for persons 55 or older, from 5.1 million in 1978 to 5.9 million in 1980. This represents the sharpest jump during any two-year period since poverty statistics were first tabulated more than two decades ago.

The economic deprivation affecting older Americans can generally be multiplied three times or more for elderly Blacks who oftentimes suffer from multiple jeopardy because they are old, Black, and frequently poor.

In fact, aged Blacks are more than three times as likely to be poor as Whites 55 years or older. Almost 34 percent of all Blacks 55 or older were poor in 1980 compared to less than 11 percent for elderly Whites. Over 1.3 million older Blacks lived in poverty in 1980, compared to 1.1 million in 1978. This represents a 20-percent increase in just a two-year period.

Yet, this is only the tip of the iceberg. Another one-half million Blacks 55 or older were marginally poor in 1980. They were not officially living in poverty but just barely above it--within 25 percent of the bare bones poverty thresholds. The net impact is that 1.8 million elderly

Blacks--or 46 percent of Blacks 55 or older either lived in poverty or so close to it in 1980 that they really could not appreciate the difference.

Almost one out of two older Blacks in the United States is either poor or marginally poor. The termination of Title V would only intensify their deprivation and misery.

About 12,150 older Blacks would become unemployed. They would lose approximately $62 million in wages and other fringe benefits. They would, in all likelihood experience great difficulty in locating alternative employment because of the tight job market and grim economic outlook. Many, if not most, would be unemployed for long periods. Some would never find another job.

Older Blacks are likely to pay a far greater price if Title V is abolished than other older Americans because they have been victims of discrimination--in the job market, the classroom, and elsewhere--throughout their lives. They were raised at a time when widespread discrimination existed. They typically attended inferior schools, notwithstanding the so-called "separate but equal" doctrine. Many were forced to drop out of school to help at home or for other reasons. To a very large degree, they were shortchanged in being given necessary tools to compete in a society that has become more urbanized and industrialized. Today they pay a heavy price because of their cultural, educational, and economic deprivation during their formative years. The net effect is that proportionately more Blacks--especially Black women--enter "old age" with little or virtually no financial resources. Oftentimes they are forced to depend upon their families and the public sector for supportive services, care, and survival.

Title V is a program that is designed to help people with limited education and outmoded work skills. It provides more than just a job or a place to go and engage in purposeful activity.

It offers hope for people who are down and out. It gives them a sense of dignity and self-worth. You really can't measure this quantitatively, but it may be more important than the most sophisticated cost-benefit analysis devised by economists.

NCBA's Rural Senior Employment Program offers numerous narrative examples of the importance and worth of Title V:

- It provides useful and fulfilling employment for persons unemployed for long periods of time--in some cases, eight to ten years;
- It delivers essential services to communities with an insufficient tax base to respond to the needs of their citizens; and
- It provides an important stimulus to economically depressed rural areas.

But perhaps most important of all, is the psychological rewards for economically disadvantaged older persons. A Title V job is a passport for dignity and new self-esteem. Some RSEP enrollees not only use the money to meet their basic living expenses but also to assist family members who may be experiencing hard times.

NCBA has been told repeatedly by Title V participants that they "feel like new persons." NCBA has gone down the long dusty roads to locate the low-income rural aged who have been largely overlooked by federal programs because of their isolation. We have found them and placed them in meaningful jobs. And now, these individuals are productive members of our society with a new lease on life, instead of living in despair.

Older Blacks need the SCSEP to combat unemployment and poverty. Title V is a program that works exceptionally well for older Blacks and other older Americans. It has also served our Nation well. It deserves to be maintained at least at the current level of 54,200 positions.

In 1973, the Subcommittee on Aging took the lead in converting the Mainstream older worker pilot projects into a permanent national SCSEP. We urge you to continue your long-standing support for Title V because it is needed now more than ever for older Blacks and other older Americans.

STATEMENT

of the

NATIONAL RETIRED TEACHERS ASSOCIATION

and the

AMERICAN ASSOCIATION OF RETIRED PERSONS

on

NEW OPTIONS FOR OLDER WORKERS: EXPANDING PRIVATE SECTOR OPPORTUNITIES

before the

SUBCOMMITTEE ON AGING, FAMILY, AND HUMAN SERVICES

of the

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

APRIL 1, 1982

The National Retired Teachers Association and the American Association of Retired Persons have long maintained that older workers should have a wide range of options, depending upon their financial and other needs and their desires. Quite clearly, national policy should promote employment opportunities in the private sector for older Americans because the vast majority of employed persons 55 or older works in the private sector. In 1981, about five out of every six workers 55 or older--or nearly 11.9 million--were employed in the private sector. In sharp contrast, only one out of six--or slightly less than 2.4 million--worked in a government civilian capacity.

Moreover, the likelihood is far greater that more new employment opportunities will become available in the private sector than in government, especially the federal government. In addition, the government portion of the gross national product is likely to decline in the future.

These discernible trends all point to new opportunities for employment in the private sector for older Americans. But these increasing opportunities need to be given shape and direction through a conscious national policy designed to maximize such private sector employment opportunities.

A. Abolish Mandatory Retirement

One of the key elements in such a national policy is the removal of employment barriers for persons 55 or older. We strongly believe that functional capacity, not chronological age, should determine whether a person is hired, fired, promoted or demoted.

Congress took an important first step in implementing this goal in 1978 when it voted to raise, in effect, the mandatory retirement age for most persons in the private sector from 65 to 70 and abolish mandatory retirement completely for nearly all federal civilian employees.

These positive actions were long overdue. The Associations believe that the next logical step is to eliminate mandatory retirement completely.

Chronological age alone is a poor barometer to determine whether a person has the right to work or not. A job should not be off limits simply because a person has reached a certain age, no more than it should be off limits because a person's hair is greying at the temples.

Work skills may decline or improve with advancing age, and sometimes they show no change at all. In fact, several studies reveal that older persons perform as well on the job as their younger counterparts, and in some cases noticeably better. For example, studies by the Department of Labor, the Harvard School of Public Health, and the New York State Division of Human Rights all concluded that workers 65 or older are, in general, equal to or better than younger workers in the areas of punctuality, on-the-job safety, attendance, and work performance. Department of Labor studies also show that there are greater discrepancies in productivity among workers in the same age group than for younger and older workers.

Older persons deeply resent "being put on the shelf." Forced idleness may cause a sharp reduction in income, at a time when inflation is placing millions of older Americans in a financial squeeze. However, there are other considerations which should not be overlooked. Mandatory retirement can be psychologically damaging, especially for older persons who have lived active lives.

Older Americans do not want a handout or preferential treatment. They simply want to compete on equal terms with others. Above all else, they want to be judged on their merits and ability to perform well on the job. Abolition of mandatory retirement will help to implement that goal.

B. Vigorous Enforcement of ADEA

Congress enacted the Age Discrimination in Employment Act in 1967 to (1) promote employment of mature persons on the basis of their ability and (2) prohibit arbitrary job bias because of age. The essence of the Act is to protect employees and applicants 40 to 69 years of age from arbitrary age discrimination concerning hiring, firing, promotion, pay, and other conditions of employment. There is, of course, no age limit for application of the law for practically all federal civilian employment.

The law does not ban age discrimination outright. Several exceptions are included in the Act. The law, for example, does not apply when age is a bona fide occupational qualification for the normal operation of a business.

Over the years, the ADEA has helped to open the door to new employment opportunities for middle-aged and older workers. However, job bias because of age still exists whether covertly or overtly.

A recent report from the Equal Employment Opportunity Commission disclosed that job-related age discrimination complaints were up by 63 percent in fiscal year 1980. The number of complaints jumped from 5,374 in 1979 to 8,779 in 1980. This probably represents just the tip of the iceberg because many violations go unreported since many older workers believe it is useless to file a complaint.

The Associations urge EEOC to enforce the ADEA vigorously and fully. We recommend that Congress provide adequate funding and support to assist EEOC in performing its mission. We also urge that the bona fide occupational exception be repealed. This exemption only dilutes the Act's effectiveness. Finally, we recommend that the EEOC improve its efforts to educate the private sector about the provisions in the law. This should be linked with an educational campaign to alert employers about the many benefits of hiring older workers.

Today many ill-founded assumptions exist about the desirability and feasibility of hiring older workers. The net impact is that many workers in their 50's and 60's are discovering that advancing age is a very serious employment barrier. However, older workers have much to offer employers.

- They are less likely to be absent from work than younger persons.
- They usually have more on-the-job experience.
- Their productivity compares very favorably with younger persons.

C. Removal of the Social Security Earnings Limitation for Older Americans

The Associations believe that the social security earnings limitation is the single greatest deterrent for older workers to remain in the work force. The earnings test reduces benefits by $1 for each $2 of wages above $6,000 for people 65 to 71. For persons under 65, the $1-for-$2 reduction applies to earnings above $4,440. The Associations fully recognize that Social Security issues are outside the jurisdiction of the Labor and Human Resources Committee. However, we have raised this issue because it is so crucial in any strategy to promote employment opportunities in the private sector for older workers. You can develop a positive environment with numerous incentives for private employers to hire older Americans. But, the payoff will be minimal if older persons are stopped dead in their tracks because they will lose 50 percent of their benefits when their earnings exceed a certain limit.

In the long run, the Nation is the loser by frittering away the skills, experience, and wisdom of those who can continue to make a valuable contribution. The Associations strongly believe that the social security earnings test should be eliminated for persons 65 or older because it is a major and visible work disincentive. In many respects, it operates as an arbitrary stop sign suggesting that 65 is the end of the road for employment opportunities.

The Associations have long maintained that the so-called retirement test imposes a major cost to the Nation--in terms of lost productivity, goods and services. No society can ever hope to achieve its full potential if some of its most experienced and talented persons are relegated to the sidelines. We also believe that the lost tax receipts from all sources because of the earnings test exceed the "cost" of any additional social security outlays from removing this penalty.

For these reasons, we reaffirm that the social security earnings test should be removed entirely for beneficiaries 65 or older. We urge the Subcommittee to work with the Senate Finance Committee to implement this goal.

D. Need to Continue SCSEP

Every effort must be made, of course, to expand employment alternatives in the private sector for older workers. However, any comprehensive national policy to maximize employment opportunities for older Americans must recognize that some elderly persons may not be able to obtain employment immediately in the private sector--for a variety of reasons. Community service employment, though, can enable these individuals to help themselves, while helping others in their own communities. In short, community service employment can benefit older workers participating in the program and the communities that they serve. It can also provide a means to transition these individuals into gainful employment in unsubsidized jobs.

It is well established that the Title V Senior Community Service Employment Program has achieved all of these objectives and many more. In our judgment, Title V is the most effective employment program ever developed. It has operated free of fraud and abuse. Administrative expenses have been kept at a rock bottom level. More than seven out of every eight dollars for Title V pay for older workers' wages, their fringe benefits, and other supportive services.

Title V has had an exemplary track record during its existence. The program has been reviewed on several occasions by independent evaluators, and they have all concluded that Title V works exceptionally well.

The 1981 White House Conference on Aging made a stirring call to continue the SCSEP in its present form with increased appropriations to permit more disadvantaged older workers to participate. In addition, the delegates recommended that the forward funding provision should be retained to permit project sponsors to plan their activities effectively and efficiently.

A few days later, Congress gave final approval to the 1981 Older Americans Act Amendments without a dissenting vote. That legislation--which the Members of this Subcommittee were so instrumental in developing--incorporated the basic principles articulated by White House Conference on Aging delegates.

Despite this broadly based bipartisan support, the Administration has elected to terminate funding for Title V for fiscal year 1983. Instead, the Administration is developing a program to assist several special groups experiencing problems in locating employment, including older workers, displaced homemaker, workers who have lost their jobs because of increased imports, Indians, and others.

This program would be funded at substantially below the fiscal 1981 and 1982 appropriations. In its present tentative form, this proposal would offer training and employment services. It could not provide the same type of community service employment opportunities that Title V does.

We urge the Subcommittee to reject the Administration's substitute proposal. Very few programs in government, if any at all--and for that matter the private sector--have achieved the degree of success of the SCSEP. It simply does not make sense to terminate a program as efficient as Title V.

The SCSEP is also a cost effective program. A study prepared for the Associations, for example, revealed that Title V saves $1.15 in public assistance costs for each $1 spent.

The Subcommittee should not be misled into believing that phasing out Title V will produce major savings. This is simply not true. Public assistance costs will rise when 54,200 older workers lose their jobs this coming October. More older Americans will be forced to accept food stamps, medicaid, supplemental security income, and housing assistance. In fact, one estimate projects a $45 million increase in unemployment benefits if Title V is eliminated.

We urge the following actions for the SCSEP:

1. Title V should be continued in its present form and funded at $296.5 million in FY '83, the full authorized amount. The sharp increase in poverty and unemployment among older Americans provides compelling reasons to continue Title V at its authorized ceiling.

2. The SCSEP should be forward funded so that project managers can prepare for contingencies and design effective programs responsive to the needs of older Americans.

3. The newly structured transitioning provisions should be fully implemented. The Associations have long stressed the importance of helping Title V enrollees move into unsubsidized employment. In the long run, this can increase employment opportunities for older workers under Title V.

E. Increased Flexibility in Work Arrangements

In the years ahead, the U.S. work force will "gray" considerably as the baby boom generation becomes older, and especially if the trend toward earlier retirement is reversed. About 51 percent of the work force is under 35 years old, and approximately 15 percent is 55 or older. But by the year 2020, only 36 percent of all U.S. workers will be under 35 and 20 percent will be 55-plus.

The "graying" of the work force is already forcing reassessment of existing work-life patterns. Unfortunately, today, work is frequently an "all-or-nothing" proposition. People may work full time 40 or 45 years and then retire abruptly at 65 or earlier. Many older Americans, however, would like something in between working full time and not at all.

We believe that they should have a whole series of options including part-time employment, full-time work, flexi-time, phased retirement, sabbaticals, and other work arrangements.

We recommend that the Department of Labor work with private industry to develop these and other innovative arrangements on a much wider scale.

F. Conclusion

In conclusion, we commend the Subcommittee for calling this timely and appropriate hearing. This Subcommittee has a long-standing record of legislative achievements on behalf of older workers, including the Title V SCSEP and others.

The Associations have worked closely with the Subcommittee in fashioning these policies. We look forward to a continued and productive bipartisan working relationship.

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1982 APR 29 AM 10 17

April 26, 1982

Senator Jeremiah Denton
United States Senate
Washington, D.C. 20510

Dear Senator Denton:

Thank you for your letter of April 2, and the opportunity to comment further on employment opportunities for older workers. Following are my thoughts regarding the issues raised in your additional questions.

1. "Would the expansion of the targeted jobs tax credit to cover low-income workers 55 and over, or 45 and over, encourage large companies to hire more older workers? Would it encourage small businesses to hire more older workers?"

The value of the present targeted jobs tax credit program provides a significant inducement for companies to participate. I believe it is reasonable to assume that an extension of the qualification criteria to include low-income workers age 55 and over would provide a comparable incentive to industry.

While all size industries would benefit, the inclusion of older workers eligibility might provide a particular incentive to smaller businesses that, generally lacking in-house training programs, would find a mature, experienced, and largely already trained labor pool especially attractive. For all employers, and in particular medium size and large employers, this economic gain could be viewed as off-setting their concern for the potential (if not actual) increase in certain benefits costs, such as health insurance. As noted in my prepared testimony, this latter concern would be further reduced by retaining Medicare and Medicaid as primary payors on medical insurance claims.

2. "I believe we need to see more efforts like those of the Heublein Corporation, which has agreed to implement a $180 million job training program for unemployed youth. Do you believe the same thing could be done for older workers? How would we go about identifying corporations that would be interested in this kind of project?"

I am not familiar with, and so cannot comment on the Heublein Corporation program you referred to. There is no doubt that the social, even political as well as economic consequences of significant numbers of unemployed, and largely disadvantaged youth, is a matter of continuing nation-wide concern. Lacking any institutional support or individual experience base, these youth are in need of special opportunity programs.

My sense of things, however, suggests that the particular needs and interests of older workers, however disadvantaged, would not be served as well by comparable "opportunity programs", whether privately or publically sponsored. It is my belief that such programs would tend to foster the view of older workers as a separate, even segregated segment of society, and be counter to the more desirable goal of creating a broader public attitude of age irrelevance.

3. "Do you believe the job training legislation being considered in the Senate should concentrate the majority of its funds on younger workers?"

It is my feeling that the primary purpose of job training legislation should be to provide training services necessary for the economically disadvantaged, irrespective of age, to obtain and retain private as well as public sector employment; that in dealing with out-of-school youth and adults it address their respective needs as appropriate; that it provide for both basic and remedial education support services, vocational and occupational training, and job placement services for participants; and that these federal resources be linked with and delivered through the already existing network of state and local resources for youth and adult training, i.e. community colleges, vocational education programs, etc.

The latter point above warrants particular emphasis. Whether considering the needs of younger or older workers, it is important that these people be integrated into the mainstream of established educational programs, as opposed to being placed in ad hoc project programs. To do otherwise, as has been amply demonstrated, tends to segregate the economically disadvantaged into separate groups, outside of the long-standing and employer-accepted institutions. Such separation also tends to reinforce the stereotype of these people as poorly motivated and low achieving persons.

4. "Do you feel that with a tax credit the revenue loss will be offset by the generation of new revenues and by reduced government expenditures due to the employment of individuals formerly receiving government aid?"

I believe that the use of tax credits -- as referred to in your first question--would help reduce unemployment through increased placement of economically disadvantaged persons into private sector, unsubsidized jobs. Such moves would result in reduced welfare payments and contribute to the generation of new revenues. I do not, however, have sufficient data or experience to estimate how much or over what time period these savings and earnings would offset or exceed the tax credit revenue loss.

I hope that the above comments will be helpful.

Sincerely,

R. E. Clinton

Richard E. Clinton, Director
Human Resource Planning

Senator DENTON. This session stands adjourned.

[Whereupon, at 12:02 p.m., the subcommittee was adjourned.]

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